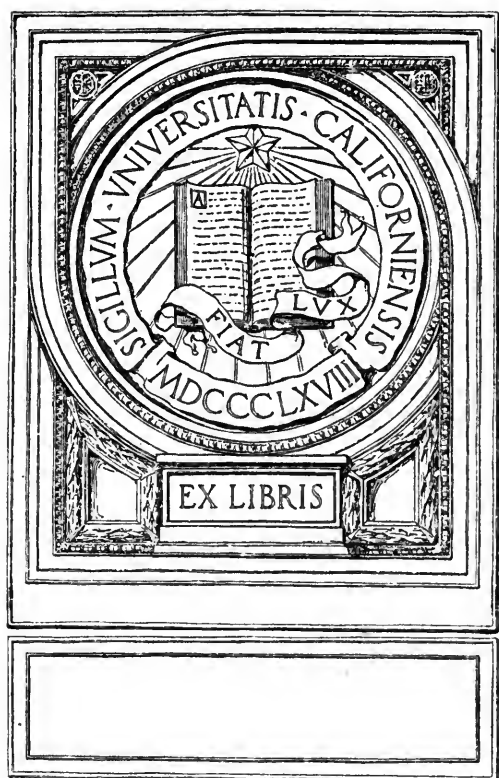


# ACTUAL ACCOUNTING

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Thomas E. Campbell









# CAMPBELL'S ACTUAL ACCOUNTING

AN APPRENTICESHIP IN BUSINESS

The Modern Method of Instruction in Elementary and Advanced Accounting, Business Forms and Business Customs

By THOMAS F. CAMPBELL, A. M.



INDIANAPOLIS  
THE BOBBS-MERRILL COMPANY  
PUBLISHERS

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## JUST A WORD

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**Prefatory.**—This text-book will be found more practical than many other texts, because it was not primarily “made to sell.” It originated in a need of the school room. Further, the author was first a business man, and when called from business to the schoolroom, it was that he might carry out the idea of an enterprising school firm that the teacher of business should be actually familiar with business, should, in fact, be himself a business man. Several times he tried to obtain release from the labor involved in teaching an original course orally, by “trying out” the new texts of the various publishers, but each time failed to find anything that pleased either proprietors, assistant teachers or students.

**The Author’s Ideal** as a teacher is so to train a student that he will never meet in business anything more difficult than he has already mastered in the schoolroom, and mastered so thoroughly that it has become a part of his mentality, never to be forgotten.

**This Text-Book** is the result of his efforts to lighten the labor of oral teaching, and to make the work easy for his assistant teachers and more helpful to his students. He acknowledges with sincere appreciation the hearty endorsement, co-operation, and helpful suggestions of all these assistants through a teaching experience of twenty years, being especially gratified that neither teacher nor student who has known this course has ever preferred any other, though several received their first training from other sources. He would also acknowledge the courtesy and valuable assistance of a number of business firms over the country from the Atlantic to the Pacific who have kindly furnished forms, rendered sample invoices, and extended many helpful suggestions and criticisms.

**The Book is Offered** to the schools in the belief that in its original applications of established principles; in its methods of developing the student’s originality and self-reliance; in the freedom that it gives the capable teacher to introduce original work, and to curtail or change the text as he pleases, we are offering the appreciative teacher a course of study that he can adapt to any locality or conditions; a course that will give the utmost freedom in the exercise of his own ideas, with the minimum of labor to him and the maximum of helpfulness to the student, a course that will every day bring a pleasing variety into his life work, never wearying him with a tiresome routine of text-book and key, and will every year broaden him as a teacher and make him a better and more efficient accountant.

THE PUBLISHERS.



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# CAMPBELL'S ACTUAL ACCOUNTING

## PRELIMINARY PRACTICE

### INTRODUCTORY DEFINITIONS. ILLUSTRATION AND DISCUSSION OF ENTRIES

1. **Business** is a general term applied first to merchandising and later to almost any occupation by which one seeks to make money. It is usually applied to some form of trade and distinguished from the **professions** in which one earns his living by the employment of his mind, chiefly, and from **Mechanical Arts** in which one's chief asset is manual skill. To the bookkeeper, however, whatever brings in money is **Business**.

2. **Merchandise** (abbreviated Mdse.) is anything bought to sell again with a view to profit.

3. **Bookkeeping** is making a proper record of business transactions.

4. **Two methods** of recording business transactions are recognized by accountants and termed, respectively, **Double Entry Bookkeeping** and **Single Entry Bookkeeping**. The latter will be explained later, when you will understand it better.

5. **Double Entry** is the method most extensively employed, both because it is the more accurate, and because it furnishes a more complete and serviceable record of the transactions of the business. **Single Entry** will show how much the firm is in debt, and to whom; how much is owing to the firm and from whom; how much was invested at the beginning of the year, and how much has been made or lost during the year. **Double Entry** not only shows all this that is shown by **Single Entry**, but also shows the cost of running the entire business, or any part of it, in what department, or departments the gains were made and where and how the losses occurred, thus enabling the proprietor to provide against such losses in the future.

6. **Double Entry** is so called because it consists in a double record of each transaction. If John Smith should buy, on account<sup>1</sup>, 10 yards of calico at 5c per yard, **Single Entry** would record that John Smith owes 50c for merchandise, while **Double Entry** would also record that a value of fifty cents (including the profit) has been taken out of merchandise and that hence, there is that much less (not counting the profit) remaining in stock.

7. **The Books Required**, originally, were the Day Book, the Journal, and the Ledger, and these still form, theoretically, the foundation of every set of double entry records. Practically, the Day Book and the Journal are consolidated in modern bookkeeping, or else the Journal is entirely eliminated. The Day Book, when used, is a simple, but carefully detailed, statement of the transactions, giving date, quantity, kind of goods, and price. It frequently appears in business as the "counter blotter," and as such is often kept by persons quite ignorant of the principles of bookkeeping. The work of the bookkeeper would then begin with the transfer of the record from the Day Book to the Journal (if that be used) or directly to the Ledger as is the more general practice. In the Journal, the record of the illustrative transaction used in Section 6 would be resolved into a debit and a credit, as follows:

John Smith (Debtor)  
To Merchandise

50  
50

1. *On account* means to buy but not to pay for it at the time of purchase, the amount being charged to the purchaser on his account.

Meaning that John Smith owes (is in debt to, because he has obtained from) the Merchandise account, goods to the amount of 50c. The word, *Debtor*, (always omitted in modern book-keeping), is understood as following the name of the person, or account, to be charged which is always written on the first line used in making the entry and well to the left (close to the date column) of the page, and the word *To* is understood to precede the name of the person, or account, to be credited, which is always written on the second line of the entry and about an inch to an inch and a half to the right of the preceding debit. But this "sign of the credit" has also disappeared, and the modern entry combining the records of both Day Book and Journal appears,—

<i>John Smith</i> <i>Merchandise</i> <i>Sales, 1. Terms. Qoct</i> <i>10 yds Galico at 5¢</i>	50	50
---	----	----

When the record appears in the above form the book is called the **Daybook-Journal**. This is the form that will be used by the student in the beginning of his work, as the book of original entry.

8. **By the Book of Original Entry** we mean the book in which the first record of a transaction is made. If a Day Book be kept, it is the book of original entry; if the first entry be made in journal form with the items of the transaction appended, then this Daybook-Journal is the book of original entry; and if some of the entries be first recorded in one book and others in another, as is the case when all cash is entered in a Cash Book and all sales in a Sales Book, then both of these books as well as the Journal would be known as books of original entry<sup>1</sup>.

9. **The Ledger** is the only other book to be considered at present. Into it are copied the debits and credits of the Journal, putting together on one page all items that pertain to one account, and in this way showing at a glance all that John Smith owes and all that he has paid, and in another account all that has been paid out for merchandise and all that has been received from the sale of it; and so on for all the accounts of the business.

10. **The Ledger** is made up entirely of these accounts and for this reason is called the **Book of Accounts**.

11. **Study of Debits and Credits.** When a number of students begin the study of book-keeping together, it will be found very advantageous if the teacher will arrange to teach this subject, as illustrated by the next twelve transactions, orally, reproducing on the blackboard, in blank, the detachable page next following and filling in the amounts as the transactions are discussed, obtaining from the students, by questioning, full directions for filling in the numbers. When this is not convenient, the student will detach the page and keep it with him as he carefully studies the transactions discussed and journalized in sections 12 to 14. He will take up also C. W. Burke's daybook journal in which to copy the journal entries as he proceeds.

(a) **To The Student:** Study very carefully every step in this introductory practice. It will be possible for you to hurry through it without thought or to do your work exactly like the student next to you, if he be doing the same work; but you will be cheating yourself. When you come to the actual business transactions that follow, your work will no longer be like that of any other student in the schoolroom. If you have thoroughly **studied and understood** these illustrative transactions, you will be able to go forward without any difficulty, but if not, you will be

1. The books of original entry are the only records of any business that are admissible in court as evidence in an action, and in order that they may be of real value the entries must appear as being made at the time of the transaction and not altered in any wise since. Erasures will invalidate an entry for purposes of evidence. If an error be made and a correction be necessary, it should be made in such a way as to leave the original entry perfectly legible and to show the entire reason for the change.

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<p><b>A</b></p> <p><b>Cash Account</b></p> <table border="1"> <tr> <th>Dr.</th> <th>Cr.</th> </tr> <tr> <td>1 5000.-</td> <td>2 150.-</td> </tr> <tr> <td>7 1580.-</td> <td>3 1500.-</td> </tr> <tr> <td>14 1293.08</td> <td>8 1125.-</td> </tr> <tr> <td>7 873.00</td> <td>9 940.08</td> </tr> <tr> <td></td> <td>10 2450.-</td> </tr> </table>	Dr.	Cr.	1 5000.-	2 150.-	7 1580.-	3 1500.-	14 1293.08	8 1125.-	7 873.00	9 940.08		10 2450.-	<p><b>B</b></p> <p><b>C. W. Burke Proprietor</b></p> <table border="1"> <tr> <th>Dr.</th> <th>Cr.</th> </tr> <tr> <td></td> <td>1 5000.-</td> </tr> </table>	Dr.	Cr.		1 5000.-	<p><b>C</b></p> <p><b>Merchandise Account</b></p> <table border="1"> <tr> <th>Dr.</th> <th>Cr.</th> </tr> <tr> <td>3 1500.-</td> <td>7 1580.-</td> </tr> <tr> <td>4 1125.-</td> <td>12 150.-</td> </tr> <tr> <td>5 1880.16</td> <td>13 2580.16</td> </tr> <tr> <td>6 5375.-</td> <td>4 810.16</td> </tr> <tr> <td>11 645.18</td> <td></td> </tr> <tr> <td>15 2525.24</td> <td></td> </tr> </table>	Dr.	Cr.	3 1500.-	7 1580.-	4 1125.-	12 150.-	5 1880.16	13 2580.16	6 5375.-	4 810.16	11 645.18		15 2525.24	
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tied up and unable to make any progress until in some way you go back over and master the principles presented in this practice, while the student who has mastered this practice thoroughly at the start, will get so far ahead of you that you will never catch up with him. **Do not hurry at the beginning.** Lay a thorough foundation. Speed will come as you progress, if the foundation be thorough. You should be able easily toward the end of your course to go many times as fast as you can at the beginning. The first half of your course ought to take at least two-thirds of your time in school.

12. C. W. Burke invests \$5,000 in a jobbing business, January 2 191—.

When a man invests money in business, even before he buys or sells, or does any business whatever, two accounts in his ledger will be affected and should show records. These are the two accounts represented in the squares marked, *A* and *B* at the top and to the left on your detached page of accounts, and entitled, *Cash* and *C. W. Burke, Proprietor*. Observe the number marked, 1, in red ink in each of these two accounts. You see that it is \$5,000, that it appears on the right hand or credit side of C. W. Burke's account and on the left hand or debit side, of the Cash account. This is an accountant's way of stating that Mr. Burke has furnished \$5,000 to the business. We always **Credit the account that furnishes the value and Debit the account that receives it.**

Note—It will not take a very great stretch of the imagination to consider your detached page of accounts a sort of checkerboard, whereon every business "move" or transaction is indicated by placing a credit in the square from which the value comes, and a debit in the square into which it moves.

The first or original record of such a transaction is made in the principal book of original entry, at the time of the transaction, and should be copied at the head of the first page of Mr. Burke's daybook-journal exactly as follows:

*College City, Y. S., January 2, 191—*

<i>C. W. Burke began a jobbing business this second day of January, 191—investing cash \$5000<sup>00</sup></i>					
<i>Cash</i>					
<i>C. W. Burke, Proprietor</i>					
<i>Investment, as above</i>					
				5000—	5000—

(a) Observe that in the journal record, the debit is indicated by the writing of the name of the account to be debited, the word, *Cash* on the first line, following the explanation, close to the left hand margin, with the figures in the left hand money column; and that the credit is indicated by writing the name of the account to be credited on the second line, about one inch to the right, with the figures in the right hand money column. These two lines constitute the journal entry. The explanatory statement which in this case chiefly preceeds the entry, is the daybook feature.

(b) From the preceding we deduce a practical

**RULE FOR JOURNALIZING:** Debit (or charge) the account that receives the value transferred in the transaction, and Credit the account that furnishes it.

(c) The \$5,000 of this first transaction, Mr. Burke has already deposited in the bank. Observe that the currency representing that amount is in Filing Envelope No. 4 which repre-

1. "Y. S." is used as an abbreviation of the words, Your State, and will be used in this work in place of the name of the State where such is needed in illustrations, to avoid localizing the place of business, which each student would best consider to be his own location.

sents the bank, but do not remove it. Money deposited in the bank is beyond your control<sup>1</sup>. Turn to the pass book and observe the entry made therein at the top of the first page, by the banker. This is the bank's receipt for the money left with it. See also the record that Mr. Burke has made of this deposit at the top of the first page of the stubs of his check book. Ask your teacher to explain anything that you do not understand.

13. Next to recording the investment we will consider the entry for the payment of store rent. Turn to the Prepared Check Book of C. W. Burke and detach, on the dotted lines, the first check which is in form and figures as follows:

<p>BALANCE BROUGHT FORWARD</p> <p>Deposited <u>Jan. 2, 191</u> <u>5000</u>—</p> <p>Ck. No. <u>1</u> Drawn <u>Jan. 2, 191</u></p> <p>In favor of <u>City R. E. Co.</u></p> <p>For Rent, January</p> <p>Amount of Bill or Payment to be made } <u>\$150<sup>00</sup></u></p> <p>Discount, _____ % \$ _____</p> <p>Amount of Check <u>150</u>—</p> <p>Balance</p>	<p>COLLEGE CITY, Y. S. <u>Jan. 2</u> 191 <u>1</u> No. <u>1</u></p> <p style="text-align: center;"><b>The Garden City Bank</b></p> <p>PAY TO THE ORDER OF <u>City Real Estate Co.</u> <u>150<sup>00</sup></u></p> <p><u>One hundred fifty and no/100</u> DOLLARS</p> <p style="text-align: right;"><u>C. W. Burke</u></p>
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(a) Observe carefully how the stub record is filled out and the amount of the check extended under the deposit. Place this check in Filing Envelope No. 5, Vouchers for Others, which signifies that you have paid it out, and detach the receipt for rent, Form 1, found on the first page of your Prepared Blanks. Then study carefully the effect of the transaction as illustrated on your detached page of accounts by the items numbered 2 in the squares marked *A* and *E*. Observe that a value has moved out of Cash into the expenses of the business as represented by the Expense account; and that Cash therefore shows a credit, or entry on the right side, and Expense, a debit, or entry on the left side. When you understand the transaction thoroughly, copy the journal entry which follows into the journal next following the entry already copied, but leaving two blank lines between entries<sup>2</sup>.

(b) Observe that in making this entry in the Journal, the first line of the explanation is indented twice as much as the credit line of the entry. This is a good rule from the standpoint of neatness in all cases in which the explanation will be more than a line in length.

File the receipt which you detached from your Prepared Blanks in Filing Envelope No. 2 and ask your teacher to explain anything that you do not clearly understand.

<p><i>Expense</i></p> <p style="padding-left: 40px;"><i>Cash</i></p> <p style="padding-left: 100px;"><i>Paid store rent one</i></p> <p style="padding-left: 100px;"><i>month in advance Ck. 1</i></p>	<p>150—</p>	<p>150—</p>
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14. Mr. Burke has bought the balance of a small stock of goods that were being sold out in the store he has just rented. The journal entry is as follows:

1. Being deposited subject to check it can only be drawn out by check.
2. To Separate Between Entries in the Journal, we believe that the simplest, neatest, quickest, and altogether most satisfactory method is the omission of two lines as above indicated. Formerly business colleges taught the omission of one line with a ruling across the wide column in red ink. No up-to-date business college or text teaches that method today for the reason that the red line ruling serves no useful purpose, and hence wastes time for which no thrifty employer is willing to pay. Omitting one line without the ruling does not ordinarily make a sufficient break to be easily recognized by the eye.

Merchandise	1500-	
Cash		1500-
Bot Bal. of stocks of A. R. Kay & Co. per inventory Bk. 2		

Again you will turn to C. W. Burke's check book and detach the prepared check No. 2 noting carefully the filling of the stub record and the subtraction of the amount of the check from the preceding balance. Observe also the effect that this transaction will have on your accounts as illustrated on your detached page by the items numbered 3, in the squares marked A and C. Have you more, or less, cash than you had before? More, or less, merchandise? Do the facts agree with the record as shown on your detached page? Do you understand that the upper (or debit) line of the journal entry above indicates 1,500 on the left (or debit) side of the Merchandise account, the same as the record on the detached page; and that the lower or credit line of the entry indicates a credit for Cash? If these points are not clear consult your teacher; if they are, proceed to copy the entry into the journal omitting two lines between this entry and the last as before.

15. Detach from your pad of Prepared Blanks, Form 2, the invoice of merchandise from the Pillsbury Company of Minneapolis, numbered 1-P in the red form<sup>1</sup> on the upper right hand corner of the invoice, observing that it is identical with the bill presented below, and place it before you as you study the journal entry which follows it.

Form 2

## INVOICE

RECEIVED Jan. 2, 19...  
ENTERED Jan. 2, 19...  
NO. AND FILE LETTER 4...

## PILLSBURY FLOUR MILLS COMPANY

BRANCH, College Center, Y. S., MAJESTIC BLDG.

Terms: Net Cash Jan. 10

CORNER PENNSYLVANIA AND MARYLAND STREETS

TELEPHONE 1 OLD PHONE MAIN 988  
NEW PHONE 781

KINDLY USE INVOICE NUMBER WHEN PAYING OR REFERRING TO THIS INVOICE. WE HOLD ORIGINAL RECEIPT IN THIS OFFICE

DATE SALE	ORDER NUMBER	INVOICE NUMBER	DATE	NAME AND ADDRESS	PKG.	SIZE	BRAND	PRICE	AMOUNT	TOTAL
12/11	2	3476	Dec. 11,	C. W. Burke, College City, Y. S.	225	brls	Pillsbury's Best	5.00		1125 --
NO CLAIMS ALLOWED AFTER FULL RECEIPT IS SIGNED										
Our Products guaranteed under the Food Act, June 30th, 1906, U. S. Serial Number 4499.										

Merchandise	1125-	
Pillsbury Flour Mills Co.		1125-
Inv. 1-P 1-10, dating Net cash		

Observe the result of this "move" in business as illustrated on your detached page of accounts by the items numbered 4, in red, in the squares marked C. and J. Compare the journal

1. This form is stamped on the invoice by the receiving clerk with a rubber stamp. It should be approximately uniform in position on all invoices and is sometimes placed on the back.

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entry of this transaction with that in 14 and observe that this value comes from the Pillsbury Flour Mills Company, which gets the credit. Copy this entry into the journal omitting two lines as before and observing that the date of entry and the page of the journal appears in the red ink form on the upper right hand corner of the invoice. This invoice is now ready for filing. Place it in your Invoice File, Envelope No. 3.

Invoice of the Armour Packing Company<sup>1</sup>.

Form 3

C. W. Burke,

Dec. 11, 191

College City, Y. S.

RECEIVED.....19.....
ENTERED.....
NO AND FILE LETTER.....

SHIPPING REPORT  
NUMBER

781 F



**ARMOUR AND COMPANY**

GENERAL OFFICES UNION STOCK YARDS

**CHICAGO, ILLINOIS**

Jan. 10 dating

**TERMS**  
30 Days,  
or  $\frac{1}{2}$  Cash, Note 60d  
PAYABLE IN  
CHICAGO  
OR  
NEW YORK  
EXCHANGE  
CHICAGO BANKS CHARGE FOR  
COLLECTING OUTSIDE CHECKS

50¢24/1	Star Sliced Bon	100Doz	2 45	245 00
150¢24/1	VB Corned Beef	300Doz	1 70	510 00
50¢24/1	VB Roast Beef	100Doz	1 70	170 00
25¢24/1	VB Chili Con Carne	50Doz	85	42 50
100¢24/1	VB Corned Beef Hash	200Doz	1 65	330 00
15¢24/1	VB Chicken Loaf	30Doz	1 80	54 00
20¢24/1	VB Roast Mutton	40Doz	1 80	72 00
25¢24/1	VB Bnls. Pigs Feet	50Doz	1 65	82 50
20¢24/1	Columbia Bologna	40Doz	2 00	80 00
10Brls	150 Star Hams	2125	12 $\frac{1}{2}$	265 63
1Bx	37 Star Bacon Narrow	101	22 $\frac{1}{2}$	22 73
1Crt4/5	VB Sliced DBfInside	20	29	5 80

1880 16

Prepaid Freight

### C & A

16. Two other invoices are handed you at this time for entry, one from the Armour Packing Company of Chicago, a copy of which is shown above and a second from the Pillsbury Flour Mills Company of Minneapolis. Detach these bills, Forms 3 and 4, from your Prepared Blanks and observe that both invoices of goods have been bought in advance, as was the one that you have just entered. Observe that one is January 10th dating<sup>2</sup>, and may be paid one-half in cash with a note at 60 days for the balance or may run 30 days on account. The other, without any

1. The above invoice was prepared in the office of the Armour Packing Company for the use of this text and is the form used by them in billing out their goods, the only modification made for text-book purposes being in the terms. The following translation of abbreviations may aid the student in interpreting the others: 50c 24/1, Fifty cent grade, twenty-four one-pound cans in a case; Bon., bacon; Bnls., boneless; DBf., dried beef.

2. Dating. It is a custom of houses in some lines of goods (not usually groceries) when orders have been received (as they often are) months before the goods are wanted, to note on the bill, besides the date on which bill is rendered, a *dating* from which the time discounts are to be computed or on which a cash bill matures. *January 10th dating* means to count the time from January 10th.

dating except the date of the invoice, is billed at 60 days less 2% for cash in 30 days. Note carefully the wording of the terms on each bill.

The journal entry for the invoice of the Armour Company is as follows:

Merchandise	1880	16	
Armour & Company			1880 16
Inv. 2-A, 1-10, dating			
Net 1/2 cash, Bal. note 60 d. Int. 6%			

The second invoice from the Pillsbury Flour Mills Company will be entered exactly as was the first invoice in 15, except that the line of explanation will read, *Inv. 3-P, 60 das. 2-30 cash*. Make this entry in your journal, omitting two lines between it and the one preceding, as before. These invoices are now ready to be indexed for filing. In the red ink form on the upper right hand corner of each, write the date of entry, the page of the journal on which entry has just been made, and the number and filing letter of each invoice, 2-A and 3-P (see Sec. 14 for form) and file both invoices by placing them in your Invoice File, Envelope No. 3. Now study your detached page of accounts, comparing the record shown there opposite the red numbers, 5 and 6, in the squares marked C, J, and K, with the two journal entries you have just made. Observe that in both cases Merchandise has received the values which have been furnished by the Pillsbury Flour Mills Co., and the Armour Packing Co., respectively. See footnote 1.

17. Passing over the intervening dates, as it is the purpose of this practice to illustrate certain entries rather than to present all the consecutive transactions of the ordinary business of a firm, we come to January 7. An auction sale of the stock of A. R. Kay & Co., bought on beginning business, brings fifteen hundred and eighty dollars and is entered in the journal at the top of the second<sup>2</sup> page, as follows:

*January 7, 191-*

Cash	1580	-	
Merchandise			1580 -
Auction sale, A. R. Kay stock.			

1. While the separate entries for the respective invoices are the proper form for the student at this stage of his work, an experienced bookkeeper, if he had occasion to make these entries in a journal form would probably combine the three invoices in the one entry as follows:

Merchandise	8 380	16	
Pillsbury Flour Mills Co. Inv. 1-P			
Net, Cash.			1 125 —
Armour and Company, 2-A, 1-10 net,			
1-2 cash, bal. note 60 das.			1 880 16
Pillsbury Flour Mills Co. Inv. 3-P			
60 das. 2-30 cash.			5 375 —

What difference would the combined entry make in the figures on your detached page of accounts?

2. If your journal pages are not already numbered turn back and put the page number, 1, on the upper outside corner of the page that you have just finished and the page number, 2, on the upper outside corner of this page. Be careful to keep your journal pages numbered consecutively.

Observe that the date, January 7, is written on the blue line at the top of the page and make it a rule of your journalizing to **always keep the date at the top of every page**. When a change of date occurs in the body of any page it is indicated as shown in the entry for the next transaction discussed in 19. Observe the effect of this transaction in the transfer of values in your business as illustrated on your detached page of accounts by the items numbered 7, in the squares A and C. Make journal entry; then detach from your Prepared Blanks, Forms 5, 6, 7, and the envelope of currency following, observing that they represent the proceeds of the auction, and place them in your cash drawer, Envelope No. 1.

18. To make a Bank Deposit fill out a deposit ticket like the one shown herewith, observing:

1. That currency is entered by itself; so also if you have gold or silver, the sum of each class of coin is entered separately.
  2. That the check on the Garden City Bank (in which you deposit) is entered by the name of the maker.
  3. That the check on the College City Bank, your own city, is entered by the name of the bank.
  4. That the check on the West Baden National Bank of West Baden, Indiana, is listed by the name of the city and bank.
    - (a) From the above, deduce the following principles to apply to all deposits:
- (1) List gold, silver, and currency, each by itself.
  - (2) List all checks separately.
    - (a) Those on the bank in which you deposit by the names of the makers.
    - (b) Those on other banks in the same city by the names of the bank.
    - (c) Those on banks outside of your city by the name of the bank and the city. This also includes bank drafts. Individual drafts will be considered later.

Form 8

DEPOSITED BY E. W. Burke

WITH THE

**Garden City Bank**

COLLEGE CITY, Jan. 7, 1916

CURRENCY	555 75
GOLD	
SILVER	
CHECKS: <u>Levin Bros</u>	124 25
<u>College City Bank</u>	500 -
<u>West Baden Nat'l Bank</u>	
<u>West Baden</u>	400 -
	<u>1580 -</u>

Please List Each Check Separately.

- (3) In your school work, list all checks drawn on the bank in which you are depositing, by the makers' names, alphabetically arranged. While no receiving teller will ever reject a deposit because it is not arranged as directed above, but will, in fact, in a country bank, make out the ticket himself for ignorant people, or those unaccustomed to business<sup>1</sup>, all bankers will appreciate having deposit tickets made out as above, and you are here to learn how to do business, not how to let others do it for you. The preceding instructions were submitted for criticism to a careful bank teller who approved every point in the original manuscript and added the last two words in 18, 4, insisting that one could not be too careful in the description of the items in making a bank deposit.

1. In the large busy banks of our cities, persons who are not able to make out their own deposit tickets will be sent to another window or to a separate room where there is a clerk employed to assist them.



(b) Detach from your Prepared Blanks, Form 8, observing that it is a blank deposit ticket, similar to the one presented in 18 preceding; then take from your cash drawer the checks and the envelope of currency taken from Prepared Blanks as instructed in 17, and prepare a deposit ticket in exactly the same form as the preceding. Count the currency carefully, observing that the larger pieces represent dollars and the smaller pieces cents. "Paper money" in form and general appearance similar to the larger pieces of college currency, is so universally in circulation in all the country outside of California that the student will very readily realize that these pieces are intended to represent dollars; but only the older teachers or the parents or grandparents of the students will remember the time when "fractional currency," small bills very much of the same general size and shape and in the same denominations as the smaller pieces used as cents in college currency, were in general circulation, hence this word of explanation has been found necessary with many pupils.

(c) When your deposit ticket is prepared, copy it on the flyleaf (or on the back of the preceding stub) of the check book. In this instance, this is done for you, but you will turn to Mr. Burke's check book and observe closely the manner in which the items of the deposit ticket are copied and the total entered as a deposit.

(d) When this is done, take the checks<sup>1</sup> and observe that Mr. Burke has endorsed<sup>2</sup> each of them *For Deposit*, signing his name exactly as it appears on the face of the check that is made out in his favor, and as it appears in the former endorsements on the other two. Now take your deposit ticket with the checks and currency and Mr. Burke's pass book to **your teacher, who will act as banker in receiving your deposit.**

19. January 10. This being the date on which the invoice entered in 15 is due as per the terms of the entry, take the invoice (numbered 1-P) from the Invoice File, and from C. W. Burke's check book detach the prepared check No. 3. Observe that it is in favor of the Pillsbury Flour Mills Co., and that its effect when delivered will be to transfer cash from your account in the bank to this company. See items numbered, 8, in the squares marked *A* and *J* on your detached page of accounts, and, omitting one blank line, enter the new date on the second line and make your journal entry as follows:

—10—

<i>Pillsbury Flour Mills Co.</i> <i>Cash</i> <i>Remitted in full for</i> <i>Inv 1-P. Ch. 3.</i>	<i>1125-</i>	<i>1125-</i>
--	--------------	--------------

Deliver the check (after completing your entry as above) to the Pillsbury Flour Mills Co., by placing it in Envelope No. 5, Vouchers for Others. Then take the Invoice 1-P, write on the face of it as shown on the form on the following page, *Paid 1-10 by check No. 3* and return it to its place in the Invoice File, Envelope No. 3. In business a "PAID" stamp usually takes the place of this writing.

1. You will observe that one of these checks is made directly in favor of C. W. Burke, while two others are endorsed to him by the "original holders." See the first endorsements on the back of the check for \$500 and \$400, respectively. The one check made out directly in favor of Mr. Burke by Levin Bros. is probably for the total of Levin Bros.' purchases, but the other checks were probably turned in to pay smaller purchases, the difference being paid to the parties in Cash.

2. Endorse means, literally, to write "on the back." In business it signifies to write on the back for the purpose of transferring the paper to some one else, or for the purpose of guaranteeing payment. Mr. Burke endorses these checks for the purpose of transferring them to the bank, which will place the amount of the checks to his credit the same as the currency.

Form 2

## INVOICE

 RECEIVED *Jan. 2, 1911*  
 ENTERED: *Journal*  
 NO AND FICE LETTER *L.P.*

## PILLSBURY FLOUR MILLS COMPANY

Terms: Net Cash Jan. 10

BRANCH, College Center, Y. S., MAJESTIC BLDG.

CORNER PENNSYLVANIA AND MARYLAND STREETS

TELEPHONE 1 OLD PHONE MAIN 222  
NEW PHONE 781

KINDLY USE INVOICE NUMBER WHEN PAYING OR REFERRING TO THIS INVOICE. WE HOLD ORIGINAL RECEIPT IN THIS OFFICE.

DATE PAID	ORDER NUMBER	INVOICE NUMBER	DATE	NAME AND ADDRESS	PKG.	SIZE	BRAND	PRICE	AMOUNT	TOTAL
12/11	2	3476	Dec. 11,	C. W. Burke, College City, Y. S.	225	brls	Pillsbury's Best	5.00		1125

*Paid Jan. 10, by check 3.*

NO CLAIMS ALLOWED AFTER FULL RECEIPT IS SIGNED

Our Products guaranteed under the Food Act, June 30th, 1906, U. S. Serial Number 4499.

20. Take from the invoice file, Envelope No. 3, the voucher numbered 2-A and observe that it is also January 10th dating and that payment should be made today. From Mr. Burke's check book, detach on the perforated lines, the prepared check No. 4, observing that both the check which you detach and the stub which remains in the check book are identical with the forms beneath.

BALANCE BROUGHT FORWARD \$350.00

Deposited 19

Ck. No. 44 Drawn Jan. 10, 1911

In favor of Armour & Co.

For Cont. 2-A

Amount of Bill, or } \$1880.16  
 Payment to be made }

Discount, Note, % \$940.08

Amount of Check 940.08

Balance

COLLEGE CITY, Y. S., Jan. 10, 1911 No. 44

**The Garden City Bank**

PAY TO THE ORDER OF Armour & Company \$940.08

Nine hundred forty and 08/100 DOLLARS

C. W. Burke

From his book of note blanks detach the prepared note, No. 1, which Mr. Burke has already made out and signed, ready to be forwarded as soon as you have made the entry. Observe that it is identical with the form below.

No. 1 Due \$940.08

College City, Y. S. Jan. 10 1911

Sixty days after date I promise to pay to  
 the order of Armour & Company  
Nine hundred forty and 08/100 Dollars  
 (In College Currency) 100  
 at Gorn Exchange Bank Value received.

C. W. Burke

557-1  
 CENTURY BRAND No. 4 The Bankers' Trust Co., Indianapolis

Read this note carefully and compare it with the check that you have just detached from the check book. Observe that the amounts are the same but that the check calls for cash as soon as presented at the bank, while **the note is a written promise to pay money at a future time, 60 ds. after date.** Such a note is called, in Mr. Burke's books, a Bills Payable, and since he is able to use it in part settlement of his account just as he uses cash, we consider that Bills Payable is the source of a part of the value transferred to the Armour Packing Company and the journal entry is as follows:

Armour & Company	1880/16	
Cash		94008
Bills Payable		94008
Remitted in full for		
Inv. 2-A Bk. 4, and note, 1-10-69		

Compare the above entry with the illustration presented on your detached page of accounts—items numbered 9, in red ink, in the squares marked, K, I, and A—and note that, as indicated by the credits, one value comes out of the cash account and one out of a new account called Bills Payable. When you fully understand the entry, copy it in the journal.

When all has been done as directed, state on the face of this invoice, No. 2-A, how payment was made as you did on invoice 1-P, and return it to the invoice file. Place the note and check made out in favor of Armour & Company, in Filing Envelope No. 5, Vouchers for Others.

(a) Obtaining a value out of a note or Bills Payable may not be entirely clear to the student at this stage of his work, unless he imagine that the note be given to a bank and the money thus obtained used to pay Armour & Company. Giving the note to the Armour Company will not seem to cancel the debt as indicated by the debit placed in the account of Armour & Company. But so great is the change in the form of indebtedness, the Armour Company now being able to transfer the debt to a banker or broker and actually get the payment in cash, that their account is considered "settled by note," and Mr. Burke is said not to owe **them**, but to owe **the note** for that amount, which will be payable to any person who may rightfully own the note when it becomes due, and when paid, the amount will be charged (debited) to Bills Payable instead of to Armour & Company. Fix it clearly in your mind also that a **Bills Payable** is **not** a bill at all in the common use of the term, but a **written promise to pay money at some future time.** The term Bills Payable comes down to us from the early commercial history of England. If you do not fully understand this transaction consult your teacher.

21. Taking up now the invoice numbered 3-P, observe that it is a second from the Pillsbury Flour Mills Co., and turning to Mr. Burke's check book detach the Prepared Check No. 5, which, with its stub, appears in form as below:

BALANCE BROUGHT FORWARD		\$
Deposited	19	
Ck. No. 5	Drawn Jan. 10, 191	
In favor of	Pillsbury Flour Mills Co.	
For	Inv. 3-P	
Amount of Bill, or	\$ 2500.00	
Payment to be made		
Discount, 2 %	\$ 50.00	
Amount of Check	2450.00	
Balance	414.92	

COLLEGE CITY, Y. S.	Jan. 10, 191	No. 5
The Garden City Bank		
PAY TO THE ORDER OF	Pillsbury Flour Mills Co.	\$ 2450.00
Twenty-four hundred fifty		DOLLARS
C. W. Burke		

The entry is as follows:

\$2500.00	Total Cr.
49.00	2% of above
.98	2% " "
.02	2% " "

\$2450.00 net cash.

Pillsbury Flour Mills Co.  
Cash  
Merchandise Discount  
On Acct. of Inv. 3-7  
\$2500<sup>00</sup> less 2 op. Ck. 5.

2500-

2450 -  
50 -

1-10-19..	Remitted by check No. 5, .....	\$2,450.00
	.Credited by Discount, 2% , .....	50.00
	Total to our credit.....	\$2,500.00

**INVOICE**

RECEIVED *Jan. 2, 191...*  
ENTERED *Journal 1*  
NO AND FILE LETTER *34*

# PILLSBURY FLOUR MILLS COMPANY

Terms: 2% 30d, Net 60  
Draft when due.

BRANCH. College Center, Y.S., MAJESTIC BLDG.  
CORNER PENNSYLVANIA AND MARYLAND STREETS

CORNER PENNSYLVANIA AND MARYLAND STREETS

TELEPHONES } OLD PHONE MAIN 588  
                  { NEW PHONE 781

KINDLY USE INVOICE NUMBER WHEN PAYING OR REFERRING TO THIS INVOICE. WE HOLD ORIGINAL RECEIPT IN THIS OFFICE.

KINDLY USE INVOICE NUMBER WHEN PAYING OR REFERRING TO THIS INVOICE. WE HOLD ORIGINAL RECEIPT IN THIS OFFICE											
DATE SALE	ORDER NUMBER	INVOICE NUMBER	DATE	NAME AND ADDRESS		PKG.	SIZE	BRAND	PRICE	AMOUNT	TOTAL
12/11	1	3475	Dec. 11	C. W. Burke, College City, Y. S.	116	464	1/8 br	Pillsbury's Best	5.75	667	
					856	3424	1/4 "	Pillsbury's Best	5.50	4708	5375 --
<div>Remitted by check 5, \$245.00</div> <div>Credited .. Discount      50%</div> <div>Total to our credit      2500.00</div>											
NO CLAIMS ALLOWED AFTER FULL RECEIPT IS SIGNED											
Our Products guaranteed under the Food Act, June 30th, 1906, U. S. Serial Number 4499.											

Note. Observe that this account is not settled in full by this transaction, and no note being given as in 19 the balance stands in the account, the credit side of which is still the larger.

22. Detach form 9 from your pad of Prepared Blanks, observing that it is another invoice just received from the Keystone Company, Chicago. Omit two lines between entries and make the journal entry as follows, observing that the date is still January 10:

<i>Merchandise</i> <i>The Keystone Co.</i> <i>Inv. 11-11 Net 60d</i>			
		64518	64518

Now observe the effect of this business "move" on your checkerboard of accounts, as illustrated in the items numbered 11 in the squares C and L. From what account is the value taken? Into what account is it transferred? Observe that the debit in Merchandise indicates that you possess more goods, and the credit in the Keystone Company's account that you owe that much more debt. The Merchandise shows an increase of resources<sup>1</sup> and the Keystone Company's account an increase of liabilities<sup>2</sup>. As these balance each other, there is as yet no profit appearing from this transaction. Not until these goods are sold will there be a record that will show gain or loss according to the prices at which the sale is made. Turn back to Section 14 and observe that the result of that transaction is the same as this, so far as loss or gain is concerned; that Merchandise shows an increase of resources as in this case, but that instead of a corresponding increase in liabilities as in this case, there is a corresponding decrease in resources in another account—the Cash, so that, as in this case, there is no loss or gain. Look at all the entries that you have made except those in 13, 17 and 21 and see if the same thing is not true in every case. Now study 17 and observe that the same stock of merchandise that was bought in 14 was sold in 17 for \$80 more than it cost; that the "move" which took \$1,500 out of Cash in 14 made possible the "move" that brought in \$1,580 in 17 without diminishing<sup>3</sup> the real value of any other account for the \$80. This shows a gain of that amount. You can put a certain sum into Merchandise and take a larger sum out, and yet leave the same balance as before you put anything in. You cannot do this with Cash? Why?

Make the proper filing record in the blank form on the upper right hand corner of the invoice, numbering it 4-K, entering the journal page, and the date, and file in Envelope No. 3.

23. January 11.—Today's mail brings two orders from one of Mr. Burke's traveling salesmen, copies of which are shown on the page following. Detach Forms 10 and 11 from your Prepared Blanks, observing that as they come in, one is completely filled out, prices being entered, extensions made and totaled, while in the other, one of the extensions and the total footing is left blank, since it is not possible for a salesman to know the exact weight, in an order for sugar in barrels. Observe that these blanks are filled in Mr. Burke's office, as indicated by the Italics in the copy following, and fill the blanks in the detached order in the same manner. Leave one blank separating line in your journal preceding the first entry, entering the changed date on the second line, and proceed to copy the journal entries shown below the orders, carefully studying the transactions, as illustrated on your detached page of ledger accounts, by the items numbered 12 and 13, in the squares marked C. M. and N.

1. Resources. What a man possesses, money or money's worth.

2. Liabilities. What a man owes to others.

3. Merchandise appears to be diminished \$1,580.00, but this is only an appearance. If an inventory were taken at this time, all the goods bought would still be found to be on hand, except the A. R. K. stock, bought at \$1,500. Hence the fact is that this stock sold for \$1,580.00, a gain of \$80.00.

Form 10

(a)

ORDER BLANK

*Beaconsfield, 7<sup>th</sup> Jan. 14, 191.*

Ordered of C. W. BURKE

No. 1 By Park Grocery Company  
Terms 30d. Sub. to drft. Address Beaconsfield, 7<sup>th</sup> St.  
Salesman J. F. Tillery

600	lbs Armour's Hams	at 15¢	90-
2	hlf chd Eng Break Tea	120¢ 40¢	48-
1/3	gross Vldd. Lmnades	36.00	12-
			150-

(c)

Form 11

(b)

ORDER BLANK

*Morgan Hill, 7<sup>th</sup> Jan. 14, 191.*

Ordered of C. W. BURKE

No. 2 By J. E. Dowell & Co  
Terms 45d. 4<sup>th</sup> 7<sup>th</sup> 30d. 60d. Address Morgan Hill, 7<sup>th</sup> St.  
Salesman J. F. Tillery

3	lbs Gran. Sugar	1075 <sup>00</sup> 42¢	53.25
1	sh.	100¢ 44 <sup>00</sup>	44.00
4	" S. C. Rice	800¢ 07	56-
2	hlf chd 7 <sup>th</sup> N Tea	140¢ 30	42-
2	" " Eng B. "	120¢ 40	48-
2	" " Ymo. Jap. Tea	180¢ 40	72-
500	lbs Flour	46¢ 23 <sup>10</sup>	231.00
			2586.16

-11-

Park Grocery Co. Beaconsfield<sup>2</sup>  
Merchandise  
Sales 1, 30d. Sub. to drft.  
600\* Armour's Star Hams, at 15¢ 90.00  
2 hlf chd Eng. Break Tea 120¢ 40¢ 48.00  
1/3 gross Vldd. Lmnades 36.00 12.00  
J. F. Tillery

150-

150-

(d) The preceding entry, as you will observe, filled the second page of your journal; but were a page not quite full, yet if there should not be room enough for the whole of the next entry,

*January 11, 191-*

J. E. Dowell & Co. Morgan Hill, <sup>2</sup> Merchandise Sales 2, 1/2 cash, Bal. 30d. note 640 3 lbs Gran. Sugar 357 <sup>00</sup> 1075 <sup>00</sup> 1 sh. " " 100 1175 <sup>00</sup> at \$4.95 \$58.16 4 " S. C. Rice 800 7¢ 56.00 2 hlf chd 7 <sup>th</sup> N Tea 140 30¢ 42.00 2 " " Eng. Break T. 150 40¢ 62.00 3 " " Ymo. Jap. Tea 150 40¢ 60.00 500 lbs Flour X X X X 52 <sup>10</sup> 23.10 J. F. Tillery	2586.16	2586.16
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\* In wholesale quotations, when a price is made very close in consideration of a large order, fractions of a cent in the price quotations are very common and computations must be exact to the major fraction of a cent in the extensions.

including the explanation and items, you should take the entry to a new page. **Never divide a journal entry**, putting a part of it on one page and a part on the page following. Observe that in beginning a new page the date is written on the light blue line just above the headline on the top of the page. See 17, foot note 2, for page number.

(e) **Observe especially** that each of the preceding sales is carefully itemized in explaining the journal entry, while in entering purchases as in 15, 16 and 21, the explanation consisted merely in a reference to the invoice which was numbered and filed away. The reason for this difference is that in a purchase you always have the invoice, and both accuracy and economy of time argue for making it a part of the record, while in sales, in many lines of business, there is no evidence of the items of the sale other than the record made at the time of the transaction. **When orders come in by mail on the firm's own order blanks**, as is supposed in these two orders, it is not unusual to extend the items on the order blank as indicated in the order forms (10) and (11) and to make these in some way a part of the record. A method for doing this will be presented later in your work, also a method for combining the making of the entry and the making of the bill, which as a time-saver has the preference in up-to-date business houses; but in all your introductory work you will carefully itemize the sale beneath the journal or sales book entry. **The items of all sales on account must be preserved in some way.** This is a cardinal principle of entry. It is here emphasized because the tendency of students in a course of actual practice is to attempt to hurry along, entering the debits and credits, and computing the losses and gains, but often omitting absolutely essential items of detail and explanation. Complete and accurate records are the aim of every good accountant.

(f) Detach now from your Prepared Blanks the forms numbered 12 and 13, which you will observe are the bills for these sales correctly made out, as in (g) and (h) following. Study these carefully, as you will be required to make out all future bills for goods sold, using these as guides. Deliver these bills to your customers by placing them in Envelope No. 5, Vouchers For Others, and file the orders, detached Forms 10 and 11, in Envelope No. 2, Voucher File.

Form 12

ALL CLAIMS FOR SHORTAGE OR DAMAGE MUST BE MADE WITHIN TWO DAYS FROM RECEIPT OF SHIPMENT. REFER TO ORDER NUMBER

**Chester W. Burke**JOBBER IN GROCERIES AND GROCER'S SUNDRIES  
COLLEGE CITY Y. S.

ORDER No. 1 January 11 191  
 SALESMAN J. F. Tiller SOLD TO Park Grocery Company,  
 TERMS 3rd. Sub. draft Beaconsfield, Y. S.

600x	Armour's S. C. Vams	at 15¢	90-		
2	lb. chs Eng Break Tea, 120x	40¢	48-		
13	gross Vdd. Linnades	36.00	12-		
				150-	

**Footnotes to Forms on Preceding Page.**

2. The address of a customer must show in his account in the Ledger. There is no better way of certainly getting his address to the Ledger than that it be made a part of the Journal entry when his first order is received. In loose-leaf accounting, it ordinarily appears with every order.

3. The initials of the salesman who took the order. In the loose-leaf bookkeeping of wholesale houses the invoice and loose-leaf salesbook record are made on the typewriter at the same time, and before the sheet is fastened into the binder it goes to a clerk who takes off a record of the amount to the credit of the salesman, whose name or initials appear as above.



## CAMPBELL'S ACTUAL ACCOUNTING

Form 13

ALL CLAIMS FOR SHORTAGE OR DAMAGE MUST BE MADE WITHIN TWO DAYS FROM RECEIPT OF SHIPMENT REFER TO ORDER NUMBER.

**Chester W. Burke**JOBBER IN GROCERIES AND GROCER'S SUNDRIES  
COLLEGE CITY Y S

ORDER No. 2 Jan 11 191 1  
 SALESMAN J. F. Triller SOLD TO J. C. Dowell & Co  
 TERMS 1/2 C. Cash 730, & with int Morgan Hill, Y. S.

3	brls. Gran. Sugar, 360,357,358-107.5#	\$4.25	53.21	
1	sh. " " " " " " " "	100# 2.45	4.45	
11	shs S. C. Rice	800# .07	56.00	
2	hlf chests Y. N. Tea	140# .30	42.00	
2	" " Emp. Break. Tea	120# .40	48.00	
3	" " Unc. Japan "	130# .40	52.00	
100	brls Flour, Pillsbury's Best	5.77 1/2	2310.00	
				2586.16

Form 14

MORGAN HILL, Y. S., Jan 11, 191 No. 74**THE PEOPLES NATIONAL BANK**OF MORGAN HILL, OrderPay to C. W. Burke or Bearer, \$ 129.308Twelve hundred ninety three and 08/100 Dollars.

IN COLLEGE CURRENCY.

J. C. Dowell & Co

Form 15

\$129.308 MORGAN HILL, Y. S., January 11, 19 19  
Thirty days after date we promise to pay to  
 the order of C. W. Burke & Co at  
**THE PEOPLES NATIONAL BANK,**  
 OF MORGAN HILL.  
Twelve hundred ninety three and 08/100 DOLLARS  
 College Currency  
 In gold coin of the United States of the present standard value, with interest from date at the rate of six  
 per cent. per annum. Value received, without any relief whatever from Valuation or Appraisement Laws.  
J. C. Dowell & Co  
 No.         
 COLENDIA BOND 1" x 4" The Bobbs-Merrill Co. Indianapolis

24. January 15.—J. C. Dowell & Co. have remitted for sale No. 2, as per terms of the invoice. Detach from your Prepared Blanks Forms 14 and 15, observing that these are the check and note of J. C. D. & Co., copies of which appear below the copy of the invoice on the opposite page.

Keep these before you as you copy the journal entry and compare it with the record presented on your detached page of accounts by the items numbered 14 in the squares marked *A. H.* and *N.* Then place both the check and the note in Filing Envelope No. 1, marked Cash Drawer. The entry is as follows:

Cash	129308	
Bills Receivable	129308	
J. C. Dowell & Co.		258616
Received check and note 1. 1-11, 30 d. for sale. 2.		

(d) Observe that J. C. Dowell & Co.'s account is balanced on your page of ledger accounts by this transaction, very much as the account of Armour & Company was balanced by the note that Mr. Burke gave in the transaction in 20, and yet you are aware that the entire bill is not yet paid in money. J. C. D. & Co. have, however, given us a value in the note, a something that we can sell or discount at a bank and turn into money, therefore, something that is worth money to us and will mean money out to them when they come to pay it at maturity.

(e) **Note very carefully** that when the money for this note is paid to us by J. C. D. & Co. (if we hold the note until maturity), or by the banker or broker to whom we sell it (if we sell it), the entry at that time will **debit Cash** and will **credit**, not J. C. D. & Co., for we have already credited them in full, but will **credit Bills Receivable**, because that is the source from which the cash will come. Remember this when payment of the note is made.

(f) Refer back to 20 (a) and compare this note with the Bills Payable, discussed in that section. Observe that that note was called a **Bills Payable** because the proprietor is to pay the sum of money named in the note and that the note in this section is called a **Bills Receivable**, because the proprietor is to receive the sum of money named in the note.

(g) Observe the change of the *bearer* to *order*, on the face of the check. This is deemed by many a better way of preventing a check's being paid without the payee's order than if the check were printed to read *order*, for the reason that it cannot now be changed to *bearer* without arousing suspicion. Careful banks always require the endorsement of the one who receives the money, even when the check is payable to bearer, but in the event of a mistake the bank is not liable.

25. If you have carefully and accurately copied all the journal entries thus far, your practice journal should appear exactly like the Model Journal on the pages following. If it does not, if any entries have been omitted, or incorrectly made, first look back over your work until you have discovered the error and have seen what you should have done instead; then consult your teacher as to the best method of making the correction.

College City, U. S., January 2, 191-

C. W. Burke began a job- bing business this second day of January, 191-invest- ing cash \$5000 <sup>00</sup>				
Cash		5000-		
C. W. Burke, Proprietor			5000-	
Investment, as above				
Expense				
Cash		150-		
Paid store rent one month in advance Ck. 1			150-	
Merchandise				
Cash		1500-		
Bot Bal. of stock of A. R. Kay & Co per inventory Ck. 2			1500-	
Merchandise				
Lillsbury Flour Mills Co.		1125-		
Inv. 1-P 1-10, dating. Net cash			1125-	
Merchandise				
Armour & Company		1880 16		
Inv. 2-A 1-10, dating			1880 16	
Net 1/2 cash, Bal. note 60d Int. 6%				
Merchandise				
Lillsbury Flour Mills Co.		5375-		
Inv. 3-P 60d 2/30, cash			5375-	

January 7, 191-

Cash	1580-	
Merchandise		1580-
Auction sale, G. R. Kay stock.		
-10-		
Pillsbury Flour Mills Co.	1125-	
Cash		1125-
Remitted in full for		
Inv. 1-P. Ck. 3.		
Armour & Company	1880 16	
Cash		940 08
Bills Payable		940 08
Remitted in full for		
Inv. 2-A Ck. 4, and note, 1-10, 69d		
Pillsbury Flour Mills Co.	2500-	
Cash		2450-
Merchandise Discount		50-
On Acct. of Inv. 3-P.		
\$2500 <sup>00</sup> less 2%, Ck. 5.		
Merchandise	645 18	
The Keystone Co.		645 18
Inv. 4-K Net 60d		
-11-		
Park Grocery Co. Beaconsfield	150-	
Merchandise		150-
Sale 1, 30d. Sub. to drift.		
600* Armour's Star Hams, at 15¢ 90 <sup>00</sup>		
2 half chests Eng. Break Tea 120¢ 40¢ 48 <sup>00</sup>		
1/3 gross Ndd. Lmnades 36 <sup>00</sup> 12 <sup>00</sup>		
J. F. F.		

January 11, 191-

J. C. Dowell & Co. Morgan Hill, Merchandise		258616		258616
Sales 2, 1/2 cash, Bal. 30d. note 690				
3 bbls Cran. Sugar <sup>360*</sup> 357, 1075*				
1 shk. " " 100/1175* at \$4.75 \$58.16				
4 " S. C. Rice 800 74 56.00				
2 hlf chsts. Y. N. Tea 140 30¢ 42.00				
2 " " Eng. Break. T. 150 40¢ 62.00				
3 " " Yno Jap Tea 150 40¢ 60.00				
500 bbls Flour X X X X 52 1/2 23.12				
J. F. T.				
-15-				
Cash		129308		
Bills Receivable		129308		
J. C. Dowell & Co.				258616
Received check and note 1, 1-11, 30d. for sale. 2.				

26. Questions to Test Your Knowledge—Copy the following questions on a sheet of letter paper, following each with a brief answer stating the point exactly as you understand it. You will not be graded on bookkeeping on this paper, hence you need not hesitate to put down just what you think. Do not ask anyone for help. Your teacher does not want to know what some one else thinks on these points. He wants to know what you think, so that if what you think is not right he can help you. Be careful of your **spelling**, your **composition**, and your **punctuation**, for in all these points this paper will be criticised and will be an important feature of your work.

- (1) What three books form theoretically the foundation of every set of double entry records?
- (2) Which of these are often combined and what is the combined book called?
- (3) What are the books of original entry and why? Which is the book of accounts and why is it so called?
- (4) What is the rule for journalizing as given in this text? Explain the application of this rule to the illustrative entry in Section 12.
- (5) How is the debit expressed in the journal? The credit?
- (6) On which side of the ledger account will the debit be found?
- (7) Explain the application of the rule for journalizing to the entry in Section 13.
- (8) A common rule for journalizing, often quoted to beginners, is, "Debit what comes in and credit what goes out." Can you apply this rule to the transaction in 13? If not, consult your teacher. It applies, but is difficult to explain.
- (9) How should checks be listed for deposit?
- (10) How is it that the account of Armour & Company balances in the ledger when it appears from Section 20 that the proprietor still owes the Armour Co. \$940.08?
- (11) What is a note? What is a note that you must pay called in making entries in your books? Why?
- (12) When you pay such a note what account will be debited?

(13) If you owe a debt of \$2,000, on which there is a discount of 2% if paid within ten days, how much money should you remit if you wished to pay half the bill within the ten-day limit?

(14) What is the meaning of *January 10th Dating*, in Sections 15 and 16?

(15) What is a resource? A liability? What one account, so far as you have studied, shows a gain? If you should put only \$1,500 into the cash drawer could you take \$1,580 out? Could you in Mdse.?

(16) What is a note that some one else must pay to you called in making entries in your books? Why?

(17) When such note is paid, that is, when you receive the cash for it, what account should be credited?

27. Before proceeding further, submit your copied journal, your answers to the questions in 26, your filing envelopes, and your text-book to your teacher for inspection and approval. If your journal work is not perfect your teacher will point out the weak points and you will recopy it, removing the soiled pages. Make every step of your work as nearly perfect as you can. When your work is satisfactory, your teacher will stamp his approval in the form to the right.

FORM FOR TEACHER'S

DATED STAMP OF APPROVAL

### POSTING.

28. Your work being approved to this point, you will proceed to study **Posting, or the correct method of transferring business records from the Journal to the Ledger**. Take up Mr. Burke's ledger and observe, **first**, that it is subdivided into a general ledger, a customer's ledger<sup>1</sup> and a creditor's ledger<sup>1</sup>, and **second**, that the titles of the various accounts have been written at the head of the pages or half pages assigned to each, respectively. Study the classification of accounts as suggested by the three divisions and again the reasons for the arrangement of accounts as they appear in the general ledger. Ordinarily it is the bookkeeper's work to select pages for the accounts and write the headings. **This is called Opening the Ledger**. This time it is done for you, to give you a form and an arrangement to guide you in the future. While there may be considerable variation in the arrangement of the accounts, there is always a good reason for every proper arrangement. Selecting the pages for the respective accounts in a ledger is not a hit-and-miss proposition.

29. Take your copied journal and place a letter blotter<sup>2</sup> over the first entry, so as to leave exposed only the first line of the entry, which appears as follows:

\* Cash

5000-

Because this calls for Cash, turn to the second account in your ledger which is marked, Cash, and because the figures, 5,000, are in the left hand money column of the journal, write them in the left hand money column of the ledger account on the first blue line below the double red lines at the head of the account. In the next column to the left in the ledger account—the reference column—write the page of your journal from which this item is taken, and in the columns

1. The Customer's Ledger is that subdivision of the Ledger (usually a separate book) in which are arranged the accounts of those owing us—called also our Accounts Receivable; and the Creditor's Ledger is that subdivision of the Ledger (usually a separate book, also) in which are arranged the accounts of those whom we owe, called also our Accounts Payable.

2. Right here it may be well to give a reason for the use of the letter blotter as a cover for one-half of an entry while posting the other half. The author in his experience with students has found that he obtains the most accurate results in posting by requiring the student to give no thought whatever to the meaning of the entry but to consider each half of each journal entry by itself, turn to the account named in the entry and immediately write the figures in the right or left ledger column according as he finds them in the right or left of the two columns of his journal. The object, then, in using the blotter as a cover for one-half the entry while posting the other, is that the eye may not become confused by seeing the same figures in both the right and left journal columns while trying to decide in which ledger column they should be written.







C. W. Burke, Proprietor  
College City, Y. S.

[illegible]

34. The next unposted item in the journal is in the second entry and when the blotter is placed to cover the posted half, it appears, plainly,—

* Expense	150-
-----------	------

Expense

191	Jan. 2	Rent Jan.	1	150 -					
-----	--------	-----------	---	-------	--	--	--	--	--

1. Be sure to keep the year date correctly entered in every ledger account. It should be at the top of the date column, as in cash account in 31, or 32, and should not be repeated until the beginning of the new year, when a new year date should be entered in the column.

	Mdse				
--	------	--	--	--	--

	1500	-			
--	------	---	--	--	--

Turn to the Merchandise account and post this item to the left side the same as you did when posting the first cash item. Enter the reference page and the date (remember the year date) and check the item in the journal as in other posting. See asterisk. Proceed to take in order the other merchandise items found on your journal pages, taking care that you carry the debit, or left hand journal items to the left side of the ledger account, and the credit, or right hand journal items to the right side of the ledger account. It will not be necessary to write anything in the explanation columns of the Merchandise account. See also instructions for posting Cash, Sections 31 and 32.

36. When all merchandise items are posted as instructed above, turn back again toward the first of your journal and take up the first unchecked item. This will be the second half of the fourth entry and when the first half of the entry is covered with the blotter it appears with its figures in the right hand column, as follows:

(a)

*	Pillsbury Flour Mills Co			1125	
---	--------------------------	--	--	------	--

Turn to page 11 of your ledger and find the account of the Pillsbury Flour Mills Co. Enter the figures in the right hand money column, because you find them in the right hand money column of the journal. Enter the journal page in the reference column; in the wide column<sup>1</sup> write, *Inv. 1-P. cash, January 10*; in the date columns, place the date of the journal entry, *January 2, 19—*, and check the entry in the journal, with the ledger page, 11 where indicated by the asterisk in the form above. For year date see form in Expense Account, in section 34.

(b) Looking for other items for this account we find in the sixth entry a second credit which you will post exactly as the item above except that you may place in the wide column this explanation, *3-P, 60d, 2-30c. Dft.* This gives the information that the invoice runs 60 days from date, allows 2% if paid within 30 days and is subject to draft at maturity.

(c) Looking further for items for the same account, we find, on the second page of your journal, a debit,—

*	Pillsbury Flour Mills Co		1125		
---	--------------------------	--	------	--	--

Enter the figures in the left hand money column on the first or upper line of the ledger account; in the reference column, place the journal page, 2; and in the date column the date *January 10*, with the year date at the head of the column.

(d) A little farther on, in the tenth entry we find a second debit which you will post exactly as you were instructed in (c) preceding except that in the wide column you may enter this explanation, *Cash, \$2,450, Disc't. \$50.* The Ledger account should then appear as follows :

\*Remember to check the entry in the journal **after** posting, not before posting, lest you be interrupted after checking and then forget to post.

1. Referring to the explanations recorded above, the student should note that the credit side of a creditor's account shows invoices of Mdse. bought, with scarcely an exception, making it unnecessary to say, "Mdse."; that if the terms quoted be uniform succeeding invoices would only require the invoice number, and if the invoices be filed alphabetically instead of numerically no explanation may be necessary unless some credit occurs that is not an invoice of merchandise. On the debit the expected item is cash and, therefore, were it not for such items as \$50.00 discount in 36, (d), or the note in 37, (b), no explanation would be necessary. None is needed in any case where the debit is plain cash. If your creditor draws on you (see Section (56) it would be well to say, "Draft," in explanation, or if you had occasion to return merchandise, the explanation would be "Mdse. returned." But in most cases the wide column in a creditor's account is left blank. This will, with slight modification, apply also to the debtor's (customer's) accounts, as the same principles of explanation apply to all personal accounts in the same line of business.

*Pillsbury Flour Mills Co. Minneapolis,*

191	Jan	10	Pd. Inv. 4-7	2	1125-	191	Jan	2	Inv. 1-7 P. L. 1-10	1	1125-
		10	Pd. part. Inv. 3-7	2	2500-			2	3-P. 6d 2/30, Att.	1	5375-

37. Turning back to take up the unposted item nearest the first of your journal, you find it in the fifth entry. Placing the blotter over the posted half, it leaves uncovered the credit and the explanation, reading as follows:

*	Armour & Company	1880	16
	Inv. 2-9 1-10, dating		
	Net 1/2 cash, balance note 60d		

Turning to the Armour account in the ledger, enter the amount on the first blue line at the top of the left hand column. Enter the journal page, 1, in the reference column; in the wide column, write the invoice number, 2-A; in the date column, write the date with the year date at the head of the column.

Looking for other items for the same account, we find in the ninth entry a debit line,

*	Armour & Company	1880	16
---	------------------	------	----

which we post the same as the debit in 36 (c) was posted, except explanation and references. Page 2 is entered in the reference column; in the wide column, N. \$940, No. 1, 1-10, 60ds; in the date column, the full date as it should always appear at the head of an account. See Expense account 34, and, lastly, the journal item is checked by placing the ledger page, 11, in the checking column of your journal page where the asterisk appears in the form above.

38. The next unchecked, and hence, unposted item is in the ninth entry and when the other two items of the entry are covered with the blotter, it appears,—

*	Bills Payable	940	08
---	---------------	-----	----

It is posted as the item in 36 (a) except that it is posted to Bills Payable account on page 8 of your ledger. The explanation column should be filled as follows, No. 1, Armour & Co., 1-10, 60d, meaning that this note is No. 1 in the bill book, is given to Armour and Company, dated January 10, to run 60 days.

39. The tenth entry furnishes the next unchecked item which appears, when isolated by the blotter, as in the form below:

*	Mdse. Discount	50	-
---	----------------	----	---

This will post as any of the credits of the Cash or Merchandise accounts. Turn to the account marked Mdse. Discount on page 3 of your ledger and post as you posted cash credit in 31.

40. The next unposted item to be considered, as you will observe by looking for the posting checks, is found in the eleventh entry,—

*		<i>The Keystone Company</i>	<i>Chicago.</i>						64518
---	--	-----------------------------	-----------------	--	--	--	--	--	-------

Post this item to the credit of The Keystone Company's account on page 11 of your ledger as you posted the credit of Armour and Company, in 37 (a) to their account. Explain, *Inv. 4-K. Net 60d.*

41. In the twelfth entry we find the next unchecked, hence unposted item. Place your blotter to cover the posted part and you have,

*		<i>Park Grocery Company- Beaconsfield.</i>							150-
---	--	--	--	--	--	--	--	--	------

Post this item to the left side of the account of the Park Grocery Co., on the ninth page of your ledger, observing that the postoffice address is written under the title, on the tripple line that heads the account, and entering in the wide column when posting, this explanation, *S. 1, 30das., Dft.*

Note—You will observe that, in connection with the explanation of the entry in question in the journal there appears the initials of the traveling man who sent in the order. This has no place in the regular posting of entries but is taken (posted if you please to so call it) to a special ledger showing the total amount of business sent in by each representative. A separate record is thus kept with each traveling salesman, so that when taken in connection with his salary and expenses, the firm can tell exactly what it is costing them to get the business. This will appear to better advantage in the loose leaf salesbook, the salesman's record being taken off before the leaf is fastened into the book.

42. The next unposted item is the first half of the thirteenth entry and you will post it to the account of J. C. Dowell & Co., as the item in 42 was posted to the Park Grocery Co., entering in the wide column this explanation, *S. 2. 1/2 C, 1/2 N. 30d. 6%.* When this is done observe that there is another item for this account, a credit in the fourteenth entry. This will be posted to the credit side of the account explaining, *N., 1-15, 30d. 6% \$1,293.08.* The ledger account will then appear as follows:

<i>J. C. Dowell &amp; Co. Morgan Hill, N. Y.</i>									
191-	Jan. 11	<i>S. 2. 1/2 C. 1/2 N. 30d. 6%</i>	3	2586	16	191-	Jan. 15	<i>N. 1-15 30d 6% \$1,293.08</i>	3
				2586	16				

43. The last remaining unposted item is the second line of the fourteenth entry, a debit,—

*		<i>Bills Receivable</i>							129308
---	--	-------------------------	--	--	--	--	--	--	--------

Post this to the debit of the Bills Receivable account, entering in the wide column this explanation *No. 1, J. C. D. & Co. 1-11, 30d.* For the meaning of this explanation see 38. Observe the change of date in posting.

\*Remember to check the entry, in the journal, after posting, not before posting.

**44. Adding the Ledger Accounts.** The next step is to add carefully both columns of each ledger account (except columns that contain but a single item) writing the results in small, neat, lead-pencil figures close under the last number in the respective columns without drawing or ruling any line whatever. Use a No. 3 or No. 4 pencil for all ledger additions and keep it well sharpened, that your work may be neat and clean, since it is not to be erased. Never use your ledger pages as scratch paper for computations that are to be erased. Some bookkeepers make the subtraction between the debit and credit of an account in the wide column in pencil leaving it unerased as shown in Mdse. Account, in Model Ledger No. 2; but a good accountant would make the subtraction between the two footings horizontally, writing only the result as shown in the Cash Account in Model Ledger No. 1, section 47.

**45. The Daily Closing—Cash.** When the posting is completed and the accounts added as instructed in 44, the next step is to prove Cash, and afterward to prove the accuracy of your other work in posting and adding by taking a trial balance. These two proofs constitute what is ordinarily included in what may be termed, The Daily Closing, in bookkeeping.

(a) **To prove Cash.** The cash is said to "prove" or "balance" when the amount in the bank as shown by the stub of your check book<sup>2</sup>, added to the amount in your cash drawer and safe, equals the difference between the two sides of the Cash Account in your Ledger.

The condition of your bank account is shown by the stub of the last check detached from Mr. Burke's check book. Turn to it and observe that it appears exactly as shown in the form following. To the \$414.92 which your check stub shows as a bank balance, add the amount of the check received from J. C. Dowell & Co., \$1,293.08, which you find in your cash drawer, and observe that it makes \$1,708.00, or exactly the difference between the two sides of the Cash as it appears in the Model Ledger No. 1. If the cash as posted by you to the account in Mr. Burke's ledger, on page 2, does not agree with this, you have made an error either in entering, in posting, or in adding. To locate it, compare the check book stubs with the Cash account to see, 1st, if all items deposited, as shown by the check book, are found on the debit side of Cash account, and,

BALANCE BROUGHT FORWARD		\$ 386.50
Deposited	19	
Ck. No. 4	Drawn Jan 10, 191	
In favor of	Armour & Co.	
For	Inst. 2-A	
Amount of Bill, or	\$ 1880.16	
Payment to be made		
Discount, 2 1/2 %	\$ 47.00	
Amount of Check	940.00	
Balance		
Deposited	19	
Ck. No. 5	Drawn Jan 11, 191	
In favor of	Pillsbury F. M. Co.	
For	Inst. 3-P	
Amount of Bill, or	\$ 2500.00	
Payment to be made		
Discount, 2 %	\$ 50.00	
Amount of Check	2450.00	
Balance	414.92	
Deposited	19	
Ck. No.	Drawn 19	
In favor of		
For		
Amount of Bill, or	\$	
Payment to be made		
Discount, %	\$	
Amount of Check		
Balance		

COLLEGE CITY, Y. S., 10 No.

## The Garden City Bank

PAY TO THE  
ORDER OF

DOLLARS

1. A great many school text-books on bookkeeping teach the very unbusinesslike practice of requiring the teacher to check up and correct a student's journalizing with the key, before posting. It being then impossible for cash to be in error, except as a result of incorrect posting or adding, the student is instructed to take the trial balance as the first step after posting. A student so trained goes into business with little instruction, and without any practical experience, in "finding cash." As a rule, every account that is to be verified independent of the proof furnished by the trial balance, ought to be proven before the trial balance is taken.

2. The method here presented for keeping the bank account is that known as the check stub method. Other methods will be presented later.

2d, if all the amounts paid out by check are found on the credit side, checking carefully, in both books, each item found in both check book and cash account. If any items of deposit should not be found on the debit side of Cash account, or if the amount of any check drawn and detached be not found on the credit side of Cash account, an entry has been incorrectly made or has been omitted. If any deposit amount should be found on the credit side or check amount on the debit side, an entry has been reversed. If after checking all the items in the check book there remain some entries unchecked on the debit of Cash account, these should be matched by the cash in the cash drawer and safe; if any unchecked items remain on the credit side they should represent cash paid out of the cash drawer. Any other unchecked items are errors. If there remain no unchecked items, your error is in addition. If there are unchecked items in either book as above, look up the transaction in your journal, and follow it to your ledger, and **when you have located the error, consult your teacher as to the best method of correcting it.** If you cannot discover it, go over this work according to the preceding instructions several times before going to your teacher for assistance, because the error is there somewhere; you are merely overlooking it.

**Note. Combined Addition and Subtraction.** Observe that the two checks represented above are subtracted from the balance by the plan known as Combined Addition and Subtraction. This is a convenient short method for use at any time when a number of items are to be taken as a whole from one minuend. The subtractions of the check book give a good illustration, but by no means the principal occasion for its use. The principal habit to be formed by the accountant, in order that he may make such computations rapidly and accurately, is that of increasing the next higher order of the subtrahend instead of diminishing the next higher order of the minuend when "borrowing" has been necessary. To illustrate, we will subtract three numbers representing checks from a fourth representing the preceding balance, as in margin.

Make the computation of the columns in order, beginning with the right as follows: Bal. \$45,321.75  
 $5+3+2=10$ , which from 15 leaves 5 which is placed beneath. The one ten by which the units were increased to make the minuend number 15 is now added to the tens of the subtrahend, and the second column is computed,  $1+4+4+2=11$ , which from 17 leaves 6 as written beneath. For the third column,  $1+2+4+6=13$  which is too large to be taken from 11, so we increase the minuend number by 20 and have a remainder, 8, which is written beneath. In computing the next column we begin by adding 2, the equivalent of the 20,  $2+3+3+7=15$ , which from 22 leaves 7 as written beneath. For the next column, making the combinations as you should make them, 2, 7, 15, 20 from 23, 3 as written beneath. Then for the next computation, 2, 10, 18, 27, from 35, 8 and lastly, 3 from 4, 1. Or with practice the last two computations can be made in one, viz., 27 from 45, 18.

For additional practice in combined addition and subtraction, compute the balances of the following ledger accounts by adding the columns of the smaller side and subtracting each column result from the corresponding order of the footing of the larger side. "Write in" the result just as it is obtained and prove accuracy by adding the columns afterward with the balance included to obtain the same footing as the one given for the larger column.

2420.44	2157.46	3678.94	3275.90	6427.56	2574.85	4210.00	2319.81
3659.53	1285.09	1374.09	1352.97	1305.78	1438.84	1885.00	1417.22
2694.63	1638.95	2474.83	1605.53	953.25	641.35	1921.00	1819.79
4263.12	Bal		Bal	9748.90	2145.80	Bal	4379.00
13037.72			15983.30	10832.39		12395.00	

(b) **When Your Cash Proves**, make a pencil record, in the wide column of the debit side of Cash in the ledger as shown in Model Ledger No. 1. This is **proving Cash without ruling the account.** (The method for ruling and balancing the account will be presented later.) Then make your bank deposit, depositing the check received from J. C. Dowell & Co., and leaving the note of J. C. Dowell & Co., at the bank for collection<sup>2</sup>. Your teacher will place the note in your bank envelope and make the proper memorandum in the back of your pass book. (See 18 for instructions for making a bank deposit.) Observe that Mr. Burke has endorsed the check, *For Deposit*. Take deposit slip, check and pass book to your teacher as instructed in 18 (d). The next step in your proof is:

**46. The Trial Balance.** Now that Cash is proved, proceed to make proof of all other postings and additions, by copying on a separate sheet of journal paper the total debit and credit

1. He who would become an accountant must learn to prove every computation.

2. When you discount a note at a bank, that is, sell it to the bank, the banker enters the amount in your pass book the same as a deposit, or pays it to you in cash. When left for collection, it is still your paper, and the memorandum referred to is merely a receipt acknowledging that you left such a note or acceptance in the possession of the bank for them to collect for you. The memorandum is sometimes made among the deposits being "short extended" and not carried into the money column until collected.

of each account in the ledger as shown by the penciled footings. If all work is correct, this will appear exactly as shown below and should be copied into your journal on page 3 below the last journal entry. If your trial balance does not prove, carefully compare your journal with the Model Journal and your ledger with the Model Ledger to discover your error, and consult your teacher as to manner of making the correction if you find it in this part of your work. If the error is not found here, then it must be in your additions, either of the ledger or of the trial balance. Comparing your work with the key to find a mistake is not the author's method of finding mistakes. That will be presented later. Your work in this part of the subject having been altogether that of copying, comparing, and studying entries and forms that have been set before you, it is not inappropriate that in this closing you should be permitted to discover errors in the same manner; but in correcting an error be sure that you know the reason and never make any change from your own idea simply "because the book says so."

*L. W. Burke's Trial Balance, January 15, 191-*

1	L. W. Burke, Proprietor		5000 -
2	Cash	7873 08	6165 08
3	Merchandise	10525 34	4316 16
3	Merchandise Discount		50 -
4	Expense	150 -	
8	Bills Receivable	1293 08	
8	" Payable		940 08
9	Park Grocery Co.	150 -	
9	J. E. Dowell & Co. <sup>2</sup>	2586 16	2586 16
11	Armour & Co. <sup>2</sup>	1880 16	1880 16
11	Ellsbury Flour Mills Co.	3625 -	6500 -
11	The Keystone Co.		645 18
		28082 82	28082 82

(a) **To Prove Agreement of Check Book and Pass Book.** Ask your teacher to "write up" your pass book, and when this is done, take the returned checks, and check them off with the stubs of your check book, check-marking (✓) on the check stub all that are returned. Then make a list of those that do not check, and the sum of their amounts added to the bank balance as shown by your check book should give the bank balance shown by the pass book. When this proves, copy the list of "checks out" on the back of your check stubs opposite your last check drawn, and show the agreement by adding in the balance per check book and marking the total, *Balance per Pass Book*. For a second proof you will commence to check off returned checks at the head of the copied list.

47. Now that your posting is completed and your ledger proven by taking the trial balance, its accounts should be exactly like the accounts in Model Ledger No. 1 presented on the pages following:

\*The pages of the Ledger.

2. When accounts balance as the two marked above, the practiced accountant always leaves them out of the trial balance as they will not alter the result and will save a great deal of work if there be many of them. The beginning student will, however, for a reason that will be easier to explain later, find it much to his advantage in finding mistakes in his balances if he make it his rule to copy the penciled footings of all accounts that are not ruled, into the trial balance.



## MODEL LEDGER NO. 1.

*C. W. Burke, Proprietor**College City, N. S.*

191-				191-			
Jan.	2	Investment	1	5000-			

*Cash*

191-				191-			
Jan.	1		1	5000-	Jan.	2	150-
	7		1	1580-		2	1500-
	15	\$1708.00	2	129308		10	1125-
				7843.08		10	94008
						10	2450-
							6165.08

*Merchandise*

191-				191-			
Jan.	2		1	1500-	Jan.	7	1580-
	2		1	1125-		11	150-
	2		1	1880 16		11	2586 16
	2		1	5357-			4316 16
	10		2	64518			
				105153 16			

*Expense*

191-							
Jan.	2	Rent January	1	150-			

*Merchandise Discount*

191-				191-			
				Jan.	10	2	50-

*Bills Receivable*

191-							
Jan.	15	J. C. D. Co., 1-11-30d.	1	129308			



## CAMPBELL'S ACTUAL ACCOUNTING

MODEL LEDGER NO. 1—(Continued.)

## Bills Payable

[illegible]

Park Grocery Co. Beaconsfield, Vt.

1912	Jan. 11	S. 1, 30 d.	2	150.-						
------	---------	-------------	---	-------	--	--	--	--	--	--

J. E. Lowell & Co. Morgan Hill, Y. S.

191-	Jan. 11	S. 2, 42 C. 1/2 R. 30, d.	3	258616	191	Jan. 15	R. 30, d. \$1293 <sup>00</sup> , Bal. C.	3	258616
------	---------	---------------------------	---	--------	-----	---------	--	---	--------

*Pillsbury Flour Mills Co. Minneapolis*

191-				191-			
Jan. 10		2	1125-	Jan. 2	Inv. 1-P. C. 1-10.	1	1125-
10	C. \$2450. <sup>00</sup> Dis. \$50. <sup>00</sup>	2	<del>3500-</del> 3625-	2	" 3-P. 60d. 2/30	1	<del>5375-</del> 6200-


Armour & Company Chicago

191-					191-				
Jan	10	7894008, 1-10, 69d.	2	188016	Jan.	2	2-9.426, 1/2 7. 69d.	1	188016.

*The Keystone Co. Chicago*

					191	Jan. 10 Ent. 4-H Ket 69d. 2	64518
--	--	--	--	--	-----	-----------------------------	-------

### RULING PRACTICE.



Proper position for pen and ruler.

[illegible]

Note.—1. Addition Lines. 2. Closing Lines. Observe that addition lines cross the money columns only; that the double closing lines cross the entire page except the wide explanation column.

pen, both in the interest of time and neatness, but since the common pen is most convenient to the bookkeeper and the work usually consists of but one or two lines at a time, the common pen is principally used, and with such a pen you will prepare this page of ruling practice. Hold your pen vertically and with the flat at right angles to the ruler. The single red line should be placed exactly on the light blue line of the paper, and of double lines, the upper should be on the light blue line and the second line about one-thirty-second of an inch lower. To make this second line do not move your ruler, but change the location of your pen point by inclining the top of the holder a little farther from you.

(d) When your books and your page of ruled work are approved, copy your report into the form below and submit it to your teacher to be stamped before proceeding with your work.

## Form 16

Cash Balance in Ledger, .....	\$.....	In Bank, per Check Book, .....	\$.....
Notes received, Number, .....	\$.....	Invoices bought, Number, .....	\$.....
Orders filled, Number, .....	\$.....	Receipts taken, Number, .....	\$.....

## Outgoing Papers.

Checks paid out, Number, .....	\$.....	Teacher's	
Bills rendered, Number, .....	\$.....	Stamp of	
Notes given, Number, .....	\$.....	Approval	

49. Detach from your prepared blanks, Form 17, an order for Merchandise from McConnell & Co., Fairfax, as shown below.

## Form 17

## ORDER BLANK

*Fairfax, Va. Jan 26, 191.*

Ordered of **C. W. BURKE**

No. 3 By McConnell & Co.

Terms 30d. Accept Address Fairfax, Va.

Salesman J. F. Teller

1	lb. brown Sugar, 363x, \$4.25	1779
3	lb. chs. lump powder Tea 150x, 33	4950
100	lb. Flr. xxxxx, chs. 522x	57750
1	sh. Japan Rice 100x, .034	350
		64847

Make out the bill and make entry as in the sale to J. C. Dowell & Company, section 23 (b), (d), (f). Leave two blank lines between your last journal work and this entry. Place the sales number, 3, on the order, on the bill and again in the explanation of the entry, so also, with the terms, 30d. acceptance. The terms of this sale as indicated above mean that the purchaser has agreed to accept your draft at 30 days for the amount of the bill, but the entry of the sale will not differ in any respect from that of 23 (d), except the line stating the terms, which will be as above. Make your entry first on scratch paper and

submit it to your teacher before entering it in your journal. Deliver this bill by placing it in Envelope No. 5, Vouchers for Others, and file the order in your voucher file, Envelope No. 2.

50. Now give careful attention to the terms of payment expressed above as a 30d. acceptance. Acceptance in this sense is probably a new term to you. The common meaning of accept is to receive, but it also means to agree to, as, to accept a statement to be true; hence, in a commercial sense:

(a) To Accept a Draft (which is an order to pay money) means to agree to pay the money; and the Acceptance of a Draft or Bill of Exchange is writing "Accepted," the date, and your signature, across the face of the draft or bill. This is, in law, your promise to pay according to the terms of the order.

(b) A Draft is an order signed by one person called the Drawer, and addressed to a second person known as the Drawee, instructing him to pay to a third person or to the drawer himself (in either case known as the Payee) the sum of money named in the draft. It may either order

payment to be made immediately, **At Sight**, or at a certain number of days after sight as in the form below. The first is called a **Sight Draft** and the latter a **Time Draft**.

(c) A **Bill of Exchange** is a draft between different countries usually in duplicate or triplicate. Look up the subject under **Drafts, Exchange or Bills** in Spencer's Commercial Law, or any other good text-book, or in your Commercial Arithmetic, or in some good Encyclopedic Dictionary; or question your teacher until you thoroughly understand this subject before proceeding.

(d) The draft which is sent by Mr. Burke to McConnell & Co., for their acceptance is made out exactly as in the form following, and is sent out with the invoice. Study the form carefully that you may recognize it when it is returned, which should be in a few days.

**Form 18**

**COLONIAL BOND** **17-44** **The Bobbs-Merrill Co., Indianapolis**

**Value received and charge the same to account of**

**To McConnell & Co.** **Fairfax, N. Y.** **L. W. Burke**

**No.** **\$648.47** **College City, N. Y. January 28, 1911**

**At thirty days sight** **Pay to**

**the order of Myself**

**Six hundred forty-eight and 47/100 Dollars**

51. Under the date of February 1, McConnell & Co., return the draft referred to in section 50, properly accepted as in the following form.

**Form 18**

**COLONIAL BOND** **17-44** **The Bobbs-Merrill Co., Indianapolis**

**Value received and charge the same to account of**

**To McConnell & Co.** **Fairfax, N. Y.** **L. W. Burke**

**No.** **\$648.47** **College City, N. Y. January 28, 1911**

**At thirty days sight** **Pay to**

**the order of Myself**

**Six hundred forty-eight and 47/100 Dollars**

**Accepted** **W. C. McConnell & Co.**

Detach the draft, Form 18, from your pad of Prepared Blanks, and place it before you while you make the entry. Observe that when sent out (see form of draft in 50) it was an order signed by C. W. Burke instructing McConnell & Co., to pay to C. W. Burke, the sum of \$648.47,

and that McConnell & Co. have written across the face of this draft, *Accepted, February 1, 1911*, and that their signature to this acceptance constitutes a promise to pay exactly like the promise made by signing a note. As a payment for the bill of goods sent out, this acceptance then is like the note received from J. C. Dowell & Co., in 24. Your entry should debit Bills Receivable because the proprietor has received a promise to pay him money, and should credit McConnell & Co., because they furnish the value that Mr. Burke (or his Bills Receivable account) has just received. The proper explanation of this entry will be, *McConnell & Co. accepted our draft at 30 days in full for Sale No. 3*. Make entry in your journal omitting two lines on the second of which in the middle of the page you will write the date *February 1*. See change of dates in Model Journal, January 7, 10, and 15. This will be the same except that the name of the month is added, because the month too has changed.

Observation. The use of a draft in this sale is somewhat arbitrary for the purpose of introducing a time draft as a Bills Receivable; yet it is not to be considered an uncommon commercial custom in receiving settlement for sales. A more frequent commercial use of the draft, is illustrated in 53, but a use very much like the one preceding may be illustrated by a transaction that came under the author's notice in San Jose, California. A manufacturer of fruit graders received an order from an unknown fruit-grower for a large-sized grader to be shipped at once with bill. The would-be buyer had no rating in Bradstreet<sup>2</sup> and had neglected to give any business references. As the seller had a right to expect cash under the terms of the order, he shipped the grader and **drew at sight** through his bank in San Jose for the amount, turning over the bill of lading to the bank as security. The bank immediately presented the draft for collection with the bill of lading which was evidence that the grader had been shipped. Had the buyer refused to pay, the shipper could have notified the R. R. Co., and stopped the delivery of the grader<sup>3</sup>.

52. Mr. Burke informs you this morning that hereafter you will be authorized to sign the firm name (per your own) in endorsing checks for deposit and in drawing checks in payment of bills that he has "O. K'd," and he goes with you to the bank to authorize them to accept the firm signature written by you. The bank hands you a signature card, Form 19, which you will now detach from your Prepared Blanks, and fill out as in the form following:

Form 19

<b>Garden City Bank</b>	
Authorized Signature of	
<i>C. W. Burke</i>	
<i>by T. H. E. Student</i>	
Address	
<i>College City, Y. S.</i>	
Date	<i>Jan. 7, 1911</i>
Introduced by	
<i>C. W. Burke</i>	

Place this card thus filled out in Filing Envelope No. 4 which will signify your having left it at the bank, then proceed with the day's business as follows:

(a) Draw a check in favor of the City Real Estate Company for \$150 for February rent. Carefully fill the stub first,<sup>4</sup> then make out this check exactly like the one drawn by Mr. Burke in payment of January rent (see section 13), except that it will be No. 6, and that after you have written C. W. Burke's signature, you will write beneath it the word, *Per* followed by

your own name. Consult your teacher to see if you have drawn this first check in correct form. Enter and explain as in former rent payment in section 13; then place the check in Filing En-

1. Black ink is now much used in accepting drafts, or a rubber stamp is used for all except the signature; but it is a very old commercial custom to use red ink for the words written across the face on Form 18.

2. The principal commercial agency for the Pacific Coast and one of the two leading agencies in the United States. See also Foot Note 2 under 60 (b).

3. In a case like the above, it will be found best to make shipment to the shipper's own order and then endorse the bill of lading in favor of the buyer. This avoids any legal quibble over the right of Stoppage in Transitu. (See this topic in Commercial Law. Spencer's Modern Business Law, pp. 157, 158.)

4. Failing to fill the check stub first often results in failing to fill it at all and leaves no record of the payment.

velope No. 5, Vouchers for Others, and detach from Prepared Blanks the receipt for rent, Form 20, which you will place in your voucher file, Envelope No. 2.

(b) Mr. Burke instructs you to draw a check in favor of *Cash*<sup>1</sup> for \$100 as in the form below and sends you to the bank to draw that amount in currency for the payment of sundry bills.

COLLEGE CITY, Y. S., Feb 1, 1917 NO. 7

## The Garden City Bank

PAY TO THE  
ORDER OF

*Cash*

\$ 100.00

One hundred and no/100 DOLLARS

*C. M. Burke*  
*Per (Your name)*

Before writing out the check you will first subtract the amount of check No. 6 from the former balance and carry the new balance forward to the top of the page from which this check No. 7 is to be taken; next fill the stub<sup>2</sup>, and then write out the check very carefully, and detach it along the dotted lines. Place the check in the Garden City Bank, Envelope No. 4, and detach from your page of Prepared Blanks the imitation currency which represents in different denominations the total sum of \$100. Count the money and place it in the cash drawer, Filing Envelope No. 1. Observe that there will be no entry for this drawing of cash as the contents of both cash drawer and bank are included in one account (see 45 a) and there is no transfer of value from one account to another.

(c) Mr. Burke instructs you to take \$50 out of the cash drawer for your salary and charge it to a Salaries account<sup>3</sup>. Make the entry,—

<i>Salaries</i> <i>Cash</i> <i>Paid in currency Book</i> <i>keepers salary for January</i>	50-	50-
---	-----	-----

The money for this payment of salary might properly go into your own pocket, but as you are in this case one of the outside parties with whom the firm has dealings, it will be as well (better for checking purposes) to put it into Envelope No. 5, Vouchers for Others.

(d) Detach from your pad of Prepared Blanks, Form 21, the bill of College Transfer Company which is shown following and observe that it is for freight advanced and for hauling goods from the depot to your store.

1. A convenient form of check when you wish to draw cash. Other forms will be given later.

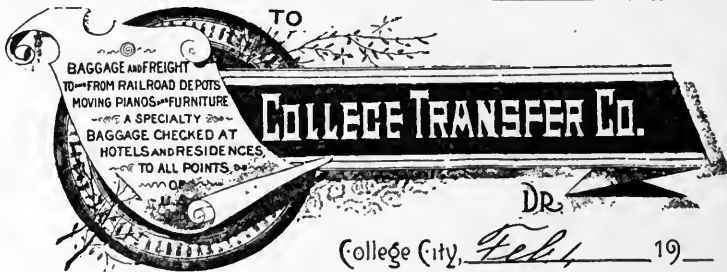
2. Always fill out your check stub carefully before writing the check. Make this an inflexible rule. Such a habit will save you a great deal of trouble.

3. Since you are the only employee being considered in this study, we might with propriety charge this item to Expense, but it will serve better for the illustration of future work to open an account with Salaries at this time.

Form 21

RECEIVED..	.....19.....
ENTERED..	.....
NO. AND FILE LETTER.....	

*Mc. L. W. Burke*



Date	Pkgs	Kind	From	To	Weight	Amount			
191- <i>Jan.</i>	<i>2</i>	<i>2210</i>	<i>Depot</i>	<i>Store</i>		<i>\$10</i>	<i>-</i>		
	<i>15</i>	<i>Grate</i>	<i>"</i>	<i>"</i>		<i>2</i>	<i>-</i>		
	<i>10</i>	<i>Freight advanced</i>				<i>30</i>	<i>-</i>	<i>\$42</i>	<i>-</i>

Many authors, in the elementary part of their text-books, charge such bills to Expense, but we see no reason for not teaching a proper classification of the different items from the beginning, and the items of Freight and Cartage on goods received have so direct a bearing on the cost and selling prices of goods, that we believe the student should be trained to consider them separate from the unclassified items of general expense. There might be good reason for having separate accounts, one for Freight and one for Cartage<sup>1</sup>, but we believe that this first step will suggest the second to the student when his business requires it. Observe that the bill as presented above is receipted, showing that it has been paid. In making the entry, omit two lines as before and debit Freight account because you have put value into it, crediting Cash because that account furnished the value. Explain, *Paid Expense Bill No. 1*. You will observe that although we do not charge this item to the general Expense account, it nevertheless belongs to that class of accounts, and the invoice, termed an Expense Bill instead of a Mdse. Invoice, is not filed with the invoices that come in for merchandise, but is placed in a separate file. File this bill so that the figures appear on the outside with the red ink stamp facing you and place it in your voucher file, Envelope No. 2.

(e) Next detach from your Prepared Blanks, Form 22, the bill of the Citizens' Water Company, a copy of which appears following, and observe that it is another expense bill and one that goes to the general Expense account. Make your entry as in the item of rent in 13, but explain, *Paid Expense Bill No. 2—Water, January*. Observe that the bill is receipted. Enter the filing memoranda in the red stamped form and file in Envelope No. 2.

1. Observe that Cartage on merchandise received may be very properly included in the Freight account, as the distinction is only one of the kind of carrier or of distance, which does not concern the accountant; but that if customers be charged cartage for the transfer of goods sold from your store to the depot or express office, that would be an item of accounting that would have no place in the Freight account above, and might be very properly kept in an account termed *Cartage*.



Form 22

Form 22

Irrigating hours from 6 to 9 A. M. and from 5 to 9 P. M.  
Water will be shut off from all parties not paying  
rates promptly.  
Rates will be charged for vacant premises until the  
Company shall have been notified in writing, of the dis-  
continuance of the use of water, and to turn it off.

No. 676.

College City, Y. S. Feb. 19

RECEIVED.....19.....  
ENTERED.....  
NO. AND FILE LETTER.....

OFFICE OF


**Citizens Water Company**

Mr. C. W. Burke Dr.  
Your name here

To Water for month of January ..... \$2.00  
To Arrearages from ..... \$  
Total ..... \$2 00

Received Payment, Rudolph Schroder Collector

53. February 10.—Turn back to Section 23 and observe that on January 11 you sold a bill of merchandise to the Park Grocery Company, Beaconsfield, for \$150.00, on 30 days, subject to draft. Turn to the account with the Park Grocery Company in your ledger and observe the record as it stands there, showing a debit of \$150.00 in the account. Since no remittance has been received from the grocery company, we are authorized by the terms of the sale to draw on them for the amount of the bill. Detach from Mr. Burke's Prepared Book of Drafts, the draft that he has drawn on the Park Grocery Company in favor of the Garden City Bank, and make an entry in your journal debiting Cash and crediting the Park Grocery Company<sup>1</sup>, explaining, *Drew at sight in favor of Bank*. Do not neglect to omit the usual two lines between entries and to write the new date, February 10. A copy of the draft is shown below.

	\$ <u>150.00</u>	College City, Y. S. <u>February 10</u> 19 <u>1</u>
	<u>At sight</u>	Pay to
	<u>the order of Garden City Bank</u>	
	<u>One hundred fifty and no/100</u>	<u>Dollars</u>
	<u>Value received and charge the same to account of</u>	
<u>To Park Grocery Co.</u>		
No. <u>Beaconsfield Y. S.</u>	<u>C. W. Burke</u>	

COLUMBIA BUREAU 1-42 The Hobbs-Servell Co., Indianapolis

Place this draft in your cash drawer, Filing Envelope No. 1, until you are instructed to de-

1. A sight draft on account is handled as above, usually in case the drawer is certain that it will be honored, and often when the drawer is uncertain on that point, but needs the temporary credit at the bank which the deposit of the draft will give him. In case the draft should not be honored after making an entry like the above, it will be necessary, when the draft is returned, first, to charge again to the customer and credit Cash, and second, to make a deduction of the amount from the balance in your check book. It is a better plan, ordinarily, and one that is very widely followed, to place drafts as above in the bank "for collection," as you did the note of J. C. Dowell & Co. in 46 (a) 3, and to make no journal entry until you receive notice as in 54 that it has been collected and placed to your credit.



posit it in the bank. When it is deposited, the bank will credit you as for a check and will send the draft to the bank at Beaconsfield to be collected.

54. February 11.—Detach Form 23 from your Prepared Blanks, observing that it is a notice from the Garden City Bank informing you that the note of J. C. Dowell & Co., which you

Form 23.

## Garden City Bank

College City, Y. S., Feb. 11, 191--.

Mr. C. W. Burke,

College City, Y. S.

The note against J. C. Dowell & Co., left by you at this bank has been collected as follows:

Face of note--\$1293.08

Interest-----\$ 6.45 Total \$1299.53

Collection charges-----\$

We credit your account-----\$1299.53

placed in the bank for collection at the time of your last deposit (See 45, b), has been collected. A copy of this notice is given here that you may have it for future reference. The form of journal entry is given next following the copy of the notice. Observe that your bank has not charged you any fee for collecting the note, placing the entire amount of principal and interest to your credit. Banks usually make a regular charge for collecting, but sometimes, when a customer uniformly maintains a large balance to his credit, the bank considers the size of the account (if they are not paying him interest on daily balances) a sufficient remuneration for their collection services. Observe that in this entry Cash receives (and is debited for) \$1,299.53. That \$1,293.08 of this came out of Bills Receivable, and the balance

from a new source with which we will open an account called *Interest and Discount*.<sup>1</sup>

Cash	1299 53	
Bills Receivable		1293 08
Int. & Disc't.		6 45
Note of J. C. Dowell & Co. collected		

If your bank had charged you a collection fee of twenty-five cents the entry would be as in Foot Note 2 below.

Now prepare a deposit ticket for the sight draft drawn on the Park Grocery Company in 53 and take it with the draft, the notice of collection just received and your pass-book, to your teacher, asking him to make the proper entry for the banker and to show you how to enter this draft and the note collected on the stub of your check book, provided you cannot make the check book entry yourself after consulting the illustration of your check stubs presented in 66 (b).

1. When a business man is both receiving interest on notes in his favor, and paying interest on notes that he owes, it is sometimes considered best to keep two interest accounts, one called *Interest Receivable*, for interest in his favor, and one called *Interest Payable*, for interest that he pays. Both classes of interest may, however, be carried in the same account, the right side showing the interest receivable and the left the interest payable. When the account is so kept, it is usually termed *Interest and Discount* as above.

2. Had a charge been made for the collection of the note in 54 the entry would have been journalized thus:

Cash	1 299	28	
Collection and Exchange		25	
Bills Receivable			1 293 08
Interest and Discount			6 45
Note of J. C. D. & Co.			
Collected through bank. Charges 25c.			

55. Detach Form 24 from your Prepared Blanks, observing that it is an order received by mail; that it is not on one of your regular blanks as other orders have been, and that the prices are not extended as in the case of orders sent in by traveling men. The catalog prices referred to are as follows:

Y. H. Tea..... $37\frac{1}{2}$  less 20%<sup>1</sup>  
 South Carolina Rice.....8c less  $12\frac{1}{2}\%$   
 Pillsbury's Best Flour.....\$6.60 less  $12\frac{1}{2}\%$

Fill in the prices and make the extensions in the detached form as they are made in pencil (indicated by pen work) in the copy of the form below. Make also the additional notation as to terms.

(a)

Form 24

## ANDERSON & ANDERSON

### GROCERIES,

ALBIA, Y. S.

February 10, 191\_.

C. W. Burke,  
College City, Y. S.

Dear Sir:

Please send by Burlington Freight the goods listed below at the prices quoted in your catalogue less your regular discount to the trade, billing at 30 days,  $\frac{2}{10}$  cash,  $\frac{1}{10}$  note 30 da, 6%.

2 hlf. chests Y. H. Tea	140# @ $37\frac{1}{2}$ ¢ less 20%	\$ 42.00
4 sks. S. C. Rice	800# @ 8¢ " $12\frac{1}{2}\%$	56.00
50 brls. Pillsbury's Flour	$\frac{1}{4}$ brl. sks. @ 6.60 less $12\frac{1}{2}\%$	288.75
		\$386.75

Your prompt attention will greatly oblige,

*Monon<sup>2</sup> Burlington F.H.* Very truly yours,

Anderson & Anderson.

*Tom L. Anderson.*

Observe that in the order, Anderson & Anderson ask for 30 days with discounts and that in the copy of the bill you quote 30d.,  $\frac{2}{10}$  cash,  $\frac{1}{10}$  note 30d. 6%. In the quotation of terms the apparent fractions  $\frac{2}{10}$  cash and  $\frac{1}{10}$  note, etc., are expressions used commercially to signify 2% off for cash within 10 days and 1% off for note, etc., within 10 days. Enter sale and file order. See 49. Record sales number and terms and itemize sale carefully. Deliver invoice by placing in envelope No. 5.

1. Trade Discount. Jobbers in some lines of business publish catalogue price lists in which the current retail price is quoted and from which they regularly make a discount to the trade. This discount is seldom the same for all the items of an invoice and if not, must be deducted from each separately, as in the order above, when making the extensions, although if considered more convenient two or more items that are quoted at the same discount may be discounted in one sum, as in the invoice, 55 (b). A good form for the invoice when all items have the same discount is shown in 60 (c).

## CAMPBELL'S ACTUAL ACCOUNTING

- (b) Make out the invoice as in the form below.

ALL CLAIMS FOR SHORTAGE OR DAMAGE MUST BE MADE WITHIN TWO DAYS FROM RECEIPT OF SHIPMENT. REFER TO ORDER NUMBER.

## Chester W. Burke

JOBBER IN GROCERIES AND GROCERS' SUNDRIES  
COLLEGE CITY, Y. S.

ORDER NO. 44February 11, 1911

SALESMAN \_\_\_\_\_

SOLD TO

Anderson & AndersonTERMS: 3rd 2/10 E. 1/10 2 3rd 600Albia, Y. S.

2	lbf. chs. 2. N. Tea, 140x at 37 1/2¢ less 2.0%	412 -		
4	shs. S. G. Rice 800x 8¢	\$64.00		
50	lbf. Pillsbury's Best 4x lbf. shs. at \$6.00	330.00		
		394.00		
	Less 12 1/2%	47.25	346.75	386.75

- (c) Mr. Burke desires the note in this case to be in a particular form, known as a joint and several note payable at his own bank and he sends out with the bill a note drawn in that form, less the 1% discount quoted in the terms of the invoice, ready for the signature of Anderson & Anderson and the person who will sign with them as security. The form of note sent out is as follows:

\$ <u>382.88</u>	No. <u>3</u>	Due <u>Mar. 13 1911</u> <u>February 11, 1911</u>
COLLEGE CITY, Y. S.		
_____ <u>Thirty</u> days after date <u>we or either of us</u> promise		
to pay to the order of <u>C. W. Burke</u> at		
<b>The Garden City Bank</b>		
<u>Three hundred eighty-two and</u> <u>88</u> <small>100</small> <u>Dollars,</u>		
With five per cent. Attorney's fees, upon the principal of this note Value received, without any relief whatever from Valuation or Appraisement laws of the State of Indiana. With interest at the rate of eight per cent. per annum after maturity until paid. The drawers and endorsers severally waive presentment for payment, protest, notice of protest, and notice of non-payment of this note.		

56. Detach from your Prepared Blanks Form No. 25 (a), and observe that it is a notice from your bank advising you that the bank holds against you a sight draft drawn by the Pillsbury Flour Mills Co., of Minneapolis, for the sum of \$2,875.00.

- (a) Mr. Burke instructs you to draw his check in favor of the Garden City Bank for this amount. First, fill out the stub, then write out the check very carefully, following the form below.

COLLEGE CITY, Y. S., Feb. 14, 191 No. 8

# The Garden City Bank

PAY TO THE ORDER OF Yourselves for draft P. F. M. Co. \$ 2875.<sup>00</sup>Twenty-eight hundred seventy-five DOLLARSC. W. Burke  
Per (Your name)

Present this check with the detached notice (taking with you your pad of Prepared Blanks) to your teacher, who will accept your check and hand you, receipted, the draft<sup>1</sup> which you have been sent to pay. Before turning over the check to the teacher, or banker, it is your privilege to see the draft, to observe that it is signed in the lower right hand corner by the Pillsbury Flour Mills Co. and addressed in the lower left hand corner to C. W. Burke. You should also observe that it is correct in amount and that the bank in whose favor it is drawn on the face of the draft has endorsed on the back, making it payable to Garden City Bank, in whose favor you have drawn your check. File the receipted draft in Envelope No. 2. Observe in making your entry that **this draft is not a promise to pay** on your part, and hence is **not a Bills Payable**. It is simply an order to pay, amounting to no more to the bookkeeper than a request to pay, and the entry will be the same as if you remitted without waiting for the draft, or exactly like the entry in 19, except that the explanation should read, *Paid draft in full of account*, Ck. 5.

57. Detach from your Prepared Blanks Forms 26 and 27, these being an invoice of merchandise just received, accompanied by a draft at 30 days for the amount. Make entry for the invoice as in Section 15, writing, for your explanation, *Inv. 5-G; Terms: Acceptance 30d*. Observe the check marks on this invoice. Your attention has not been called to this before, but every invoice when it is received is gone over, first, to see if the prices are right. This has been done by Mr. Burke, as indicated by the check marks opposite the items in the price column and his initials beneath. Next, the receiving clerk has checked the bill with the goods when they came in, to see that all goods were received as billed. Observe his check marks in the margin to the left and his initials, *D. A. C.*, at the foot of that column. You will now take this bill and will carefully compute the extensions, then the discount, and the subtraction of the discount, to see that all the computations of the bill are correct<sup>2</sup> and will place your check mark opposite

1. Teacher will detach this draft, Form 25 (b), from your pad of Prepared Blanks, and place your check in the Bank Envelope No. 4.

2. Observe that having taken away  $\frac{1}{10}$ , the \$195 represents  $\frac{9}{10}$  and that you can prove both your computation and subtraction of the discount by multiplying the exact discount, \$21.66  $\frac{2}{3}$ , by 9 to give \$195. Learn to "Prove all things." You will have no "book of answers" nor any "key" to your results when you go out into business, and if you are to be worth anything as an accountant, *your computations must be absolutely correct*. To prove the extensions and additions of this invoice, a convenient method is that known as casting out the 9's or 11's. (See Fritch's Quick Figuring, pp. 48-50.) Another plan is to make every computation a second time in some other way. For example, 2 gross tumblers @ \$9.50, \$19.—. The original computation was probably made by multiplying \$9.50 by 2. Prove it by observing that \$9.50 is \$10 less one twentieth or  $\frac{19}{20}$  and from 10 times 2, or 20, subtract one-twentieth ( $\frac{1}{20}$ ) of itself, leaving \$19. This, of course, seems too easy to need proof, but experience will teach the student that mistakes occur as frequently, if not more frequently, in easy computations as in difficult ones, and that to be absolutely accurate it is necessary to "Prove all things."

each item and your initials in the total column where the initials, "T. E. C.," appear in the copy of the invoice following. When this is done place the proper memoranda in the red ink form on the face of the invoice and file as before in your invoice file.

Form 26

# Henry M. Goble

MANUFACTURER OF

## MASON'S AND LIGHTNING FRUIT JARS

AND DEALER IN

### GOBLETS, TUMBLERS, LAMP CHIMNEYS AND GLASSWARE

RECEIVED ..... 19.....  
ENTERED.....  
NO. AND FILE LETTER

ORDER No 4COLLEGE CENTER, Feb 8, 191

SALESMAN \_\_\_\_\_

SOLD TO L. W. BurkeTERMS Accept 30dCollege City, Y. S.

2	gross Tumblers	\$9.50	19-	
2	" " Bell Shape	10.33 1/3	20.67	
1	" Wines	15.00	15-	
4	" Saucer Champagnes	22.50	90-	
2	" Cold Lemonades	36.00	72-	
			216.67	
	Less 100p	L.W.B. -	21.67	
			195-	

(a) Mr. Burke instructs you to accept the draft that accompanies this invoice, and that your action may certainly bind him and be accepted as authoritative by the drawer, he hands you a fully executed power of attorney, Form 28, in your Prepared Blanks, which you will now detach and place in your Voucher File for safe keeping. Write the acceptance across the face of the draft in red ink exactly as it appears in the copy of the draft shown below<sup>1</sup>, but with your

Form 27

\$195.00 College Center, Y. S. February 8, 1911

Pay to the order of Myself Thirty days sight

One hundred ninety-five and 00/100 Dollars

Value received and charge the same to account of

To: L. W. Burke N. M. Goble

No. 17 College City, Y. S.

COLUMBIA BOND 5448 The Bobbs-Merrill Co. Indianapolis

1. The words, attorney in fact, beneath your signature, constitute an announcement that you hold Mr. Burke's Power of Attorney and are expressly authorized to sign his name on this paper. Any who question your authority further can ask to see the power or for a certified copy of it. For a further study of the powers conferred by this document, see Spencer's Modern Business Law, pp. 100 and 101. (See Foot note 1 under 51.)

name instead of T. H. E. Student in the blank following the word *per*. Study 49 and 50 before making entry, but remember that **you are promising to pay this draft** instead of expecting to receive payment; hence, it is a Bills Payable, instead of a Bills Receivable, and is similar to the note given and discussed in 20. For your entry, debit H. M. Goble, because he receives the value represented by the draft, and credit Bills Payable because you are giving the firm's promise to pay. Explain, *Accepted H. M. G. dft. 30 d. Inv. 5.* Observe that this No. 5 is not the number at the head of the invoice; that is H. M. Goble's sales number. Your number you are to put on the bill in the red ink form as before.

(b) Observe that as **you credit Bills Payable when you accept this draft**, you will **debit Bills Payable when you pay it**. Do not forget this when the draft matures. It will not be like the entry for payment of the draft in 56; the acceptance makes the difference. Why?

58. February 15. Detach from your pad of Prepared Blanks, Form No. 29, the note of Anderson & Anderson duly signed and returned in payment of the invoice sold them on February 11, less one per cent., as per the terms of the bill. The entry for this payment involves a principle similar to that governing the entry in Section 21. Observe, however, that in the transaction discussed in 21, Mr. Burke **made** payment in cash less the discount, and the Pillsbury Flour Mills Company was **debited** for the amount of both cash and discount. This time Mr. Burke receives the payment in the form of a note less the discount and Anderson & Anderson will be **credited** for the amount of both note and discount. Make your entry, as below, debiting Bills Receivable for \$382.88 the face of the note just received and Merchandise Discount for \$3.87 the amount of the discount (a loss received), and crediting Anderson & Anderson for the full amount of the bill. Explain, *Rec'd of A. & A. their note at 30d. for Sales No. 4, less 1%.* Place this note in your cash drawer for safe keeping.

Bills Receivable	382.88	
Merch. Discount	3.87	
Anderson & Anderson		386.75

59. Detach Form 30 from your pad of Prepared Blanks. Observe that it is another invoice from the Keystone Company. Fill in the proper memoranda in the red ink form. Make entry as in 22 and file the invoice in Envelope No. 3.

60. February 20. (a) Detach from Prepared Blanks, Form 31, observing that it is a letter from McConnell & Co., ordering merchandise. Turn to their former order in 49 and note that the flour of their former order was put up in 1/4 brl. sks. and quoted to them at \$5.77½. As they do not specify anything else in this order it is safe to suppose that they would have it filled in the same manner. Our Roman Beauty apples at \$2.80 will fill the order in that respect. Fill in the necessary memoranda as to the kind of apples, and the size of the flour sacks, enter the prices, make the extensions, total the order, and note the freight route for shipping, and the terms for billing, all in pencil, on the detached order, Form 31, exactly as indicated by the writing in the copy of Form 31, presented in the text. When the order is filled out as instructed, submit it to your teacher for his stamp of approval and proceed to make out the invoice. A correct form of invoice will be found in 23 (f). Enter shipping instruction on invoice as in 16. File order in Envelope No. 2 and deliver invoice by placing it in Envelope No. 5 together with a copy of C. W. Burke's reply to the letter of McConnell & Company, shown on Page 77. This letter is presented as a specimen of a form letter prepared to accompany outgoing invoices. With the exception of one paragraph which is dictated, it is written by the stenographer "from the form" without any instructions from the proprietor.

Form 31  
(a)

FAIRFAX, Y. S., Feb. 19, 19\_\_

Mr. C. W. Burke,  
College City, Y. S.

Dear Sir:-

Please send me by first freight, and bill at 30 days:-

100 brls. "Pillsbury's Best" Flour	$\frac{1}{4}$ bl. sacks @ 5.77 $\frac{1}{2}$	577.50
50 " good Apples,	Roman Beauty @ 2.80	140.00
provided you can supply good saleable apples so that I can		717.50
retail them here at from \$2.75 to \$3 50 per brl.		

That Pillsbury's Flour is a seller. Your representative said there was but one "Best" and insisted that I should order more when he was here, but I had no idea that I would need to re-order so soon.

Thanking you in advance for a prompt shipment, we remain,

Very truly yours,

*Big Four and R. T. 42. Frt*  
*Terms - 30 days*

McConnell &amp; Company.

W. E. M. E.

Form 32  
(b)

February 14, 19\_\_

Mr. C. W. Burke,  
College City, Y. S.

Dear Sir:-Please ship me by Frisco freight,

4 brls. Gran. Sugar	356#, 362#, 357#, 363# - 1440# @ 5.65 $\frac{1}{2}$	81.46
10 " Roman Beauty Apples	@ 3.20	32.00
20 " "Pillsbury's Best" Flour	$\frac{1}{4}$ bl. sacks @ 6.60	132.00
		245.46
		30.68
		214.78

I realize that I am a stranger<sup>2</sup> to you as I have but recently engaged in business for myself in this city, but I have had some ten years' experience, and have made a wide circle of acquaintances, as an employee of Mr. L. F. Price, one of your customers, to whom I am privileged to refer you for any information you may desire in regard to my business ability and integrity. I may also refer you to the State Bank of Girard.

Please bill the goods on 60 days as per your catalog and price list, and quote discount for cash. Thanking you in advance, I am,

60 days 2/10 cash, 1/10 note 30 days  
 Vandalia and Frisco Frt

Yours truly,  
F. H. Burns.



(b) Next detach Form 32 from Prepared Blanks, observing that it, too, is a letter ordering merchandise. Evidently this order is based on our catalogue quotations and we will bill accordingly, as appears in the copy of this order, shown on opposite page. For billing and entering, follow instructions in 55, except that since the discount on all items of this order is the same, it can be deducted from the total as shown in the copy of the invoice following. Compare the detached form 32 with the one shown on opposite page and observe that the pen written part has been filled in in your office.

ALL CLAIMS FOR SHORTAGE OR DAMAGE MUST BE MADE WITHIN TWO DAYS FROM RECEIPT OF SHIPMENT REFER TO ORDER NUMBER

## Chester W. Burke

JOBBER IN GROCERIES AND GROCER'S SUNDRIES  
COLLEGE CITY Y. S.

ORDER NO 6

February 15, 19\_\_.

SALESMAN

SOLD TO

F. H. Burns,

TERMS 60ds. 2/10 note 30ds.

Girard, Y. S.

356,362.			
4	brls. Granulated Sugar,	359,363,1440#	5 65 81 46
10	" Roman Beauty Apples		3 20 32 00
20	" Pillsbury's Best" Flour,	1/4brl.sks.	6 60 132 00
			245 46
Less 12 1/2 %			30 68 \$214 78

61. February 21. Mr. Burke settles with the Keystone Company in full for the last invoice received, remitting the note of Anderson & Anderson with his own note for the balance and claiming the discount of 1%. This is not presented as a usual<sup>1</sup> or customary business transaction, although it is a possible one. It is presented here for the purpose of bringing together into one combined entry several accounts that the student is liable to confuse, and which he must learn to carefully distinguish. Take the note of Anderson & Anderson out of your cash drawer and endorse it across the left end<sup>2</sup> for transfer to the Keystone Company, exactly as in the form below, signing Mr. Burke's name, per your own as attorney in fact, as you did to the acceptance in 57. Deliver it by placing it in Envelope No. 5. Vouchers for Others.

1. The usual course of business in this transaction would be to discount the note at your bank and then either give your note for the full amount of the invoice or pay cash for the part now paid by Anderson & Anderson's note securing a 2% discount on that part of the payment. This would not, however, result in bringing together into the same entry for comparison and study the pairs of often confused accounts, Bills Receivable with Bills Payable, and Interest and Discount with Merchandise Discount, which is one object in making the transaction as above.

2. Never "stand on your head" to endorse paper. It is more dignified, and more convenient, for you, and more satisfactory to the banker or broker, or to any person to whom it is transferred, if you do it in the natural way. Lay the paper before you, face up, as if you would read it; take it by the right end, and with your right hand, and turn it over toward you; endorse across the left end just as it lies, and the endorsement is correctly made. It is very inconvenient for a banker to have to turn a check or note end for end to read the endorsement.

### Footnotes to Form 32, Opposite Page.

1. See footnote 1 under 55 and observe that in this case the trade discount is deducted from the total of the invoice.

2. References. Never write to a firm to whom you are a stranger and order goods on credit without giving them references through whom they can learn all about your business ability and integrity, unless your financial standing is so good that you have a rating in Bradstreet or Dunn. See observations under 51. To write without references indicates at once that you are either ignorant of business customs and regulations or that you have no standing in your home community and can give no references that would do you any good. In either case it is a bad introduction to a firm with whom you hope to establish a business credit.



(a)

Form 29

Pay to The Keystone Co., ordered C. W. Burke per (T. H. Student) Attorney in fact	Due <u>Mar. 13, 191-</u>
	CITY, Y. S. <u>February 11,</u> 191-
	For date <u>we, neither of us</u> promise
	at
	<b>City Bank</b> <u>two and 88</u> Dollars, <small>100</small>
<small>without any relief whatever from Valuation or Appraisal laws of the          City until paid. The drawers and endorsers severally waive presentment</small>	
<u>Anderson &amp; Anderson</u> <u>F. L. Crouch</u>	

(b) In making this entry, observe that this note of Anderson & Anderson is dated February 11, and as this is now the 21st, ten days' interest has accrued, that is, the note has already earned 64c interest and is worth that much more than its face, which we do not wish to lose in transferring the note. We will therefore claim from the Keystone Company a credit,

First, for 1% Discount on the amount of the invoice <sup>1</sup> .....	\$ 7.44
Next, for the face of the Anderson & Anderson note.....	382.88
Next, for 10 days' interest accrued on the note.....	.64
And last, for our (C. W. Burke's) note to balance.....	353.14 \$714.—

and will make entry as follows:

The Keystone Company	744.—	
Mdse. Discount, 1% of Inv.		744
Bills Receivable, A & A. note		382.88
Int. & Dis., on above note		.64
Bills Payable Our note 30d		353.14
Transferred to Keystone		
Co. note, of Anderson & Anderson,		
claiming credit for, accrued in-		
terest, and for, discount per terms		
of the invoice and enclosing our		
own note, at 30d for balance		

1. The student will carefully note the appearance of both Interest and Discount and Merchandise Discount items in the entry and study the distinction between them, that he may never have any difficulty hereafter in deciding to which account a discount belongs. Observe that the 1% thrown off the bill is to secure payment or part payment by cash or a note is Mdse. Discount, while the interest accrued on the note (or the discount in case this note had been sold for less than its face) goes to the other account. Consult your teacher, if necessary, to get a complete understanding of this point.

Your letter to accompany this remittance should be in form very much as presented below. Copy it neatly on your letter paper, signing your own name in place of that of T. H. E. Student. Then write out Mr. Burke's note at 30 days, for the balance of \$353.04, and attaching both this note and the note of Anderson & Anderson, endorsed as in 61 (a), to your copied letter, place them in Envelope No. 5, Vouchers for Others.

## Chester W. Burke

JOBBER IN GROCERIES AND GROCER'S SUNDRIES  
COLLEGE CITY U. S.

The Keystone Company,  
Chicago, Ill.

Gentlemen:

Desiring to take advantage of your 1% discount for payment by note, I am enclosing you herewith a well secured note endorsed to you, with my own note at 30 days for balance, in full payment of your invoice of February 14. Please credit my account as follows:

Mdse. Disc't., 1% of invoice, - - - - -	\$ 7.44
Note of Anderson & Anderson, - - - - -	382.88
Accrued interest on A. & A. note, - - - - -	.64
My note at 30 days - - - - -	353.04
Total credit - - - - -	<u>\$747.00</u>

For the remaining item of account, your invoice of January 5, I shall be pleased to honor your draft at maturity, if I do not remit sooner.

Very truly yours,

C. W. Burke.

2 Enclosures.  
THS-GH

Per <sup>1</sup> T. H. E. Student

February 21.  
1 9 . . .

62. Detach from Prepared Blanks Forms 33 and 34, observing that 33 is an order for goods and that 34 is the enclosed draft referred to. Enter prices, make extensions and add other billing memoranda, as indicated by the writing in the form No. 33. Then make out the bill, deducting a credit for the cash with 2% discount on the amount of the bill that is paid by the remittance, and making the terms, *Draft at 30 days for Net Balance*. Observe carefully the form of invoice rendered by Armour and Company, in 16, noting carefully that in the order the quantities preceded the description of the goods wanted, while in the invoice, unit quantities follow the description of the goods and immediately precede the prices. For a form of acknowledgment of the receipt of part payment by note and discount see the form shown on the order in the memoranda for the billing clerk, and follow it in making out your bill. Present this invoice to your teacher for criticism before placing it in your Vouchers for Others.

1. The word, *per*, is omitted in modern business in the correspondence of many business houses, especially when the signature is a firm name, the signature of the writer appearing immediately beneath.

(a)

Form 33

# ANDERSON & ANDERSON

## GROCERIES,

ALBIA, Y. S.

February 19, 191...

Mr. C. W. Burke,  
College City, Y. S.  
Dear Sir:

Please send us by first freight:-

100 brls.	"Pillsbury Best" Flour in ¼ brl. sks	@ 6.03 <sup>3</sup> / <sub>4</sub>	603.75
50 "	Jenneting Apples.	" 3.50	175.00
50 Doz.	Star Sliced Bacon	" 2.95	147.00
100 "	VB Corned Beef	" 2.04	204.00
50 "	" Roast Beef	" 2.04	102.00
50 "	" Chili Con Carne	" 1.02	51.00
100 "	" Corned Beef Hash	" 1.98	198.00
20 "	" Chicken Loaf	" 2.16	43.20
20 "	" Roast Mutton	" 2.16	43.20
25 "	" Bnls. Pigs Feet	" 1.98	49.50
20 "	Columbia Bologna	" 2.40	48.00
5 Brls.	Star Hams - 7/100 %	" 15¢	165.00
100 lbs.	Star Bacon Narrow - 10/1 %	" 27¢	27.27
1 Crate	VB Sliced DBf Insides - 20 %	" 34 <sup>1</sup> / <sub>2</sub> ¢	69¢
By Cash 980.21			1863.88
Dis 2-7% 2000.			1000.21
Net Bal -			863.67

We enclose you herewith draft on Chicago, for \$980.21 to apply on account, and will be pleased to accept your draft at 30 days for the balance.

Thanking you in advance for prompt attention and immediate shipment, we remain,

Very truly yours,

Anderson &amp; Anderson.

T. L. A. / J. P.

*Monm Burlington Frit*  
*Drft. at 30 days for Net Bal*

*Thos. L. Anderson.*

(b) In advanced bookkeeping this transaction would receive its sales entry through the Loose Leaf Sales Book, while Anderson & Anderson would receive credit for the cash remitted and for the discount through the Cash Book. Following this plan as closely as you can while using the Daybook-Journal you will first make entry for the sale as in former sales (see especially 23 (d) and then make a second entry for the cash received and the discount allowed, similar to the entry for the transaction in 58, except that Cash is the principal debit, instead of Bills Receivable. Many texts instruct the student to make all in one entry, but by so doing Anderson & Anderson's debit would show only the net balance of \$863.67, while it is a principle of modern bookkeeping that a personal account should show the total of all transactions. You will draw a draft on Anderson & Anderson at 30 days for the net balance and send it out with the invoice as you did in the case of the sale to McConnell & Co. in 49, but will make no entry for the draft until it is returned accepted. See 49, 50 and 51.

63. The following letters just received are self explanatory:

(a)

REFERENCES:  
FIRST NATIONAL BANK  
FARMERS UNION

ATTORNEYS } S. G. TOMPKINS  
              } H. C. JONES



IN ANSWERING REFER TO NUMBER \_\_\_\_\_

TELEPHONE, MAIN 744

College Center, Y. S.

February 19, 19\_\_

Mr. C. W. Burke,  
College City, Y. S.

Dear Sir:

The undersigned, having been appointed trustee of the estate of H. M. Goble an insolvent debtor, holds your acceptance for \$195 due March 13, 191\_. It being desirable to collect all accounts at the earliest possible date, I am authorized to discount at 6% per annum all assets not due that can be collected prior to March 1.

Hoping that it may be convenient for you to take advantage of this discount and that I may have the remittance on or before the date named, I am,

Very truly yours,

A. G. Wilkins, Trustee.

*A.G.W.*

(b)



February 20, 19\_\_

Mr. C. W. Burke,  
College City, Y. S.

Dear Sir:- I enclose herewith my check for one hundred dollars to apply on account of your invoice of the 15th. This with the discount allowed by the terms of your bill entitles me to a credit of \$102<sup>1</sup>. Please acknowledge receipt and oblige,

Yours truly,

1 Enclosure.  
F.H.B. J.S.

*F. H. Burns.*

64 (a). Endorse and deposit the draft received from Anderson & Anderson in 63 following instructions in 17 and 18; then draw a check in favor of *A. G. Wilkins, Trustee of H. M. Goble, Insolvent*, for \$194.35, which is the amount of your acceptance less discount at 6% for 20 days. Be careful in writing the name of the payee as indicated above, when making out the check, and write closely or you will not be able to get it all on the line. Write a letter to accompany the remittance (see letter in 61), attach check to letter with a pin, or other fastener, and place both in Envelope No. 5. In making your entry consult 57 (c) for your debit, and credit cash for the amount of the check and Interest and Discount for the amount of the discount.

(b) The letter in 63 (b) is received from F. H. Burns, to whom an invoice of goods was sold on the 15th. Detach from Prepared Blanks, Form 35, observing that it is the enclosure described in the letter, and make entry debiting Cash and Mdse. Disc't<sup>1</sup> and crediting F. H. Burns. See 62 (c), entry for the credit of A. & A.

65. Mr. Burke having arranged to take Mr. C. A. Foley into his business as a partner, it becomes necessary to take a complete inventory of stock and to close the books that Mr. Burke's present worth may be known as a basis for the contract. As no posting has been done since the 15th the first thing for you to do is to post all the unposted entries of your journal, carefully following the plan of the previous instructions for posting as given in Sections 28 to 45, carefully adding all accounts in pencil as before and including in the addition of each column the pencil footing of the previous posting<sup>2</sup>.

(a)

BALANCE BROUGHT FORWARD		\$ 350.00
Deposited	19	
Ck. No. 44	Drawn Jan 12, 191	
In favor of	Armour & Co.	
For	Jan 2 - A.	
Amount of Bill, or	\$ 1880.00	
Payment to be made	\$ 940.08	
Discount, 2% 20	\$ 35.92	
Amount of Check	940.08	
Balance		
Deposited	19	
Ck. No. 5	Drawn Jan 12, 191	
In favor of	F. H. Burns	
For	Jan 2 - F.	
Amount of Bill, or	\$ 2500.00	
Payment to be made	\$ 500.00	
Discount, 2% 20	\$ 50.00	
Amount of Check	2450.00	
Balance	414.92	
Deposited	Jan 15, 191	1293.08
Ck. No. 6	Drawn Feb 1, 191	1708.00
In favor of	City R. & Co.	
For	February rent	
Amount of Bill, or	\$ 1500.00	
Payment to be made	\$ 150.00	
Discount, 2% 20	\$ 30.00	
Amount of Check	150.00	
Balance	1558.00	

*Chas. J. L. D. Co.*  
*Morgan Hill* 1293.08

66. Proving Cash is the First<sup>3</sup> Step in any closing of the books, since in doing this the accountant may discover errors that would otherwise go into the trial balance, and cause the taking of it a second time. Read carefully the instructions for the former closing of Cash in 45 (a), observing that at that time part of your money was in the bank and part (one check for \$1,293.08) in the cash drawer or safe, while at this time the undeposited cash consists of \$6.00 in currency and the check of F. H. Burns for \$100.00. To the left is shown, in form (a), the same page of check stubs that was shown in 45 (a). Observe that the balance for January 10 is the same in both forms, but that in this form (a) a later deposit has been made (on Jan. 15) and the third check of the page has been drawn, making the balance at the foot of the page \$1,558.00, which is carried for-

1. Observe that if this discount were computed by dividing by .98, or according to the short method presented in 21, the Mdse. Disc't. would amount to \$102.04, but in small remittances the odd cents are not often claimed, it being most convenient to compute the discount on the amount remitted.

2. The only exception to this rule for including previous pencil footings in the addition, is when an account has been balanced and closed by the double closing lines (48, 2). Never add across Double Closing Lines.

3. Here the Posting seems to be the first step. This is necessarily so when the Journal is used as the only book of original entry, but when the Cash Book is used, as it is in some form in every important business, the proving of Cash always precedes posting and is the first step in every closing.

(b)

		BALANCE BROUGHT FORWARD		\$ 1558
		Deposited	19__	
		Ck. No. 7	Drawn Feb 7, 19__	
		In favor of	Cash	
		For	Sundry & Co. Bk.	
		Amount of Bill, or	\$ 100.00	
		Payment to be made		
		Discount, %	\$	
		Amount of Check	100	
		Balance	1458	
		Deposited	Feb 11, 19__	1449.53
		Ck. No. 8	Drawn Feb 11, 19__	2907.53
		In favor of	Pillsbury F. M. Co.	
		For	Dft. to Gal. Acct.	
		Amount of Bill, or	\$ 2875.00	
		Payment to be made		
		Discount, %	\$	
		Amount of Check	2875	
		Balance	92.53	
		Deposited	Feb 21, 19__	980.21
		Ck. No. 9	Drawn Feb 21, 19__	
		In favor of	A. G. Wilkins Trustee	
		For	Receipt Dec. 1	
		Amount of Bill, or	\$ 195.00	
		Payment to be made		
		Discount, 2 1/2 %	\$ 6.50	
		Amount of Check	194.35	
		Balance	818.39	

*Dft. on Park Bk. Co.* 150 -  
*N. J. Dowell & Co. Bal.* 1293.08  
*Face* 6.45  
*Int.*

*Q. & A. Dft. on Chicago.* 980.21

ward to the top of the next page of stubs, as shown in form (b).

This form (b) shows the condition of your check-book to date. Note the record of the deposit of the sight draft drawn on February 10 and the entry for the collection of J. C. Dowell & Co.'s note. (See 53 and 54.) Observe also the deposit of Anderson & Anderson's draft on Chicago and the check in favor of A. G. Wilkins. Observe that the frequency of deposits necessitated balancing the check-book every time a check was drawn, giving no opportunity for the practice of combined addition and subtraction. Observe further, that the check-book balance of \$818.39 lacks \$106.00 of being the total of cash in your possession as shown by the Cash account of your ledger, that is, the \$818.39, cash in the bank, plus the \$106 in your cash drawer is the exact amount necessary to balance Cash account.

(c) To "Find Cash," when the balance does not prove as above, the most satisfactory method that the author has tried with beginners in an experience of nineteen years of teaching by "actual business" methods, is presented in (d) in what we will term an **Analysis of Cash**.

Arrange four columns as in (d) following. Let the student first enter the figures of his last preceding cash balance on the debit side, placing the amount that was in the bank, in the bank column and the amount that was in the cash drawer or safe, in the safe column, entering the safe items as you would if listing checks and currency for deposit (See 18). Next let the student copy into the credit bank column all the credit items of his cash account that were paid out by check, placing all others in the credit safe column.

• When this is done, do not add, but take up the check-book and commencing with the last preceding balance (the number which is entered at the head of the debit bank column) check, both in check-book and on proof sheet, first, the checks drawn, to see if they agree with the numbers in the credit bank column. If you find a check drawn in the check-book that is not in the credit bank column, it may be a cashed check, in which case you will enter the amount in both the credit bank column and the debit safe column (see (e) following), or it may be an omitted or incorrect entry (unless you have inadvertently placed it in the credit safe column). Look it up and correct it, both in your books and on the proof sheet.

Second, check over the deposits, beginning at the same point in the check-book, as follows: Check both in the check-book and in the debit safe column of the proof sheet, the items of each deposit, copying the items into the credit safe column and entering the total of each deposit in the debit bank column of the proof sheet. When this checking of the deposits in this manner is completed, add all the columns, and the difference between the footings of the bank columns will show what the check-book balance should be, the difference between the footings of

(a)

C A S H P R O O F S H E E T .

Debits		Credits	
BANK	SAF E	BANK	SAF E
\$ 414 92	\$1293 08	\$ 150 00	\$ 50 00
<i>1293 08</i>	150 00	2875 00	42 00
<i>1444 53</i>	1299 53	194 35	2 00
<i>980 21</i>	980 21	<i>100 —</i>	<i>1293 08</i>
	100 00		<i>150 —</i>
	<i>100 —</i>		<i>1299 53</i>
			<i>980 21</i>
<u>\$4137 74</u>	<u>\$3922 82</u>	<u>\$3319 35</u>	<u>\$3816 82</u>
3319 35	3816 82		
\$ 818 39	106 00	\$924 39	
{ Check- } plus	{ Balance }	{ Balance }	
{ Book }	{ in Cash }	{ of Cash }	
{ Balance }	{ Drawer }	{ Account. }	

the safe columns will show how much cash should be found in the cash drawer or safe, while the sum<sup>1</sup> of these two differences will show what the balance of cash in the ledger should be, **provided, of course, that all the work of the proof sheet is correct.**

If there is a disagreement in the check-book balance, look for it in the additions and subtractions of the check-book; if in the balance of cash in the safe, look first to see that every item in the credit safe column represents either an item deposited and checked in the debit safe column, or cash actually paid out to some one either in currency or by the transfer of a check or sight draft. Sight drafts drawn should not be found in this column, although that is a common mis-

1. Sum, in the Algebraic sense. If the bank balance be an overdraft it will be an arithmetical difference.

67

N. B. In making entries of notes or drafts fill all blanks except those included under

## BILLS

No.	When Received	Kind of Paper	Date of Paper	Time to Run	MATURITY												Account Credited in Ledger	L. F.	Face of Paper	Rate &
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
1	Jan 15	Note	Jan 11	30d		10											J. L. Dowell & Co.	1293.08	60%	
2	Feb 1	Drft	Feb 1	30d			2										McConnell & Co.	646.847		
3	"	Note	"	30d			12										And & And	382.88	60%	

68

N. B. In making entries of notes or drafts fill all blanks except those included under.

# BILLS

[illegible]

1. When a note or acceptance in either class is settled for less than its face, let the total face of the paper appear in the money column in two items as in Bills Payable No. 2 above, showing both the entire payment of the note or draft and the fact that it was discounted. When payment is made with interest use the interest column, as the paid money column must never contain more than the face of the note. The interest rate column can be used for either the rate of interest or the rate of discount.



take with beginners. If the result still does not agree with the cash in safe the difference probably represents **cash received or paid out, without entry**, the former "cash over" and the latter "cash short," and if these transactions cannot be certainly recalled and entry made, "cash short" must be charged to the cashier in charge, who must make it good, and "cash over" to a Suspense account, until it is discovered to whose account it should have been credited.

If the check-book balance and the cash in safe prove as above, and the balance of cash in the ledger does not prove as stated above, then you know the mistake is in the additions and subtraction of the Cash account, or in the addition of the column differences of the proof sheet, everything else having been proven.

(e) Observe that the typewritten figures of the proof are from the ledger account and that the script figures represent the work done while checking with the check-book. Note that the check that was drawn in favor of *Cash* for \$100.00 in 52 (b) does not appear until it is found in going over the check-book (because there was no entry made for it) that it is entered on the proof sheet as a credit to the bank and a debit to the safe, to preserve the balance. Observe also that it went into the safe and was paid out of the safe in the items, \$50, \$42 and \$2, leaving a balance of \$6.00.

(f) **Ruling Cash.** Having proved your cash, that is, found that the cash on hand, whether in the bank or in the safe, or in both places, is exactly the amount that your Cash account (or cash book) shows you should have, you will proceed to enter the cash balance in the cash account in red in the right hand column, and to rule and close the account exactly as the cash account is ruled and closed in Model Ledger No. 2, on page 78. Be careful also to bring down the balance after closing exactly as shown in the Model Ledger No. 2.

"Collection Data." These are to be filled when the paper is collected or discounted.

## RECEIVABLE

COLLECTION DATA					Names and Addresses of Parties	
Amt. of Int.	Face	CB	How Disposed of	Date	Maker or Acceptor	Endorser or Drawer
645	129308		Col. thru Bank	Feb. 11	J. E. Dowell & Co., Morgan Hill, 7. S.	
					McConnell & Co., Fairfax, 7. S.	
64	38288		Transferred to Keystone Co.	Feb. 21	And. & And. Albia, 7. S.	F. C. Crouch, Albia, 7. S.

Payment Data. These are to be filled when the note or draft is paid

## PAYABLE

					Names and Addresses of Parties	
Amt. of Int.	Face of Paper	L. F.	Account Charged In Ledger	Where Payable	In Whose Favor	Drawer or Endorser
	94008		Armour & Company	Gorn Co. B. Chicago	Armour & Co. Chicago	
	195-		N. M. Goble	College City	N. M. Goble, Indianapolis	N. M. Goble
	35304		Keystone Co.	College City	Keystone Co. Chicago	

69. To Prove Bills Receivable and Bills Payable Accounts is the next step in making a closing of the books. This was omitted in the former closing, partly to avoid confusing the student by the presentation of too many new things at once, and partly because the simple con-



dition of these accounts at that time made it unnecessary. It is introduced now as a step not to be omitted by the student in any regular closing of the books.

(a) **Bills Receivable.** By comparing your ledger account of Bills Receivable with the bill book page presented in 67 preceding, you will observe that the amounts of the notes received are identical with the debit of the ledger account, and that the one note marked *Paid*, and the one marked *Transferred*, together, make the credit of the ledger account. To complete the proof, you should have in your possession in your safe all other notes described in the form in 67 as received and not yet paid. This being the fact, you will put this proof on record in your journal, next following the last transaction recorded, as follows:

**Bills Receivable on Hand.**

No. 2, Acceptance, 2/10—, 30 days, McConnell & Co.,.....\$648.47

Total unpaid in bill book and balance of ledger account.....\$648.47

Note. Observe that Bills Receivable is debited when received and credited when paid; and that Bills Payable is credited when notes are issued and debited when they are paid, and find out why this is so. You will be called on to answer the question later.

(b) **Bills Payable.** The proof of **Bills Receivable** was much like the proof of Cash inasmuch as the actual notes are in your possession to verify the records of the ledger and bill book. This is lacking in the proof of Bills Payable as the notes are not in your possession, but in the possession of those to whom they were given. See column marked, "In Whose Favor," in bill book form in 68.

The best proof that is possible, therefore, is to observe that the items posted to the credit side of the Bills Payable account in the ledger are identical with the face of the notes recorded as given in the bill book, and that the note indicated as paid in the bill book form (68 above) corresponds to the debit, or record of notes paid, in the Bills Payable account in the ledger. The record of this proof you may enter in your journal, next following the proof of Bills Receivable, as follows:

**Bills Payable Outstanding.**

No. 1, Note, 1/10—, 60 days, Favor Armour and Company.....\$ 940.08

No. 3, Note, 2/21—, 30 days Favor The Keystone Company..... 353.04

Total unpaid in bill book and balance of ledger account.....\$1,293.12

Note. Those familiar with bill books of the ordinary type that has been used for years, remaining unchanged through all the advances made in other business methods, will appreciate the advantageous features of the bill books presented for the use of the student through this course of study. The compact presentation of all data relating to maturity at the beginning of the record, the central arrangement of the figures showing the face of notes and the amount collected or paid, with the amount of interest collected (or discount allowed), and the names and addresses of the parties at the right for reference purposes, constitute an arrangement that is convenient for use either as an auxiliary book or for use as a ledger and book of original entry in the economies of modern accounting. It is used in this introductory work as an auxiliary record only; later, its use in modern accounting methods will be presented.

(c) Now take the bill book from your actual business supplies and using the first double page on each side of the book (observe that one side is for Bills Payable and one for Bills Receivable), copy therein all the records of notes and drafts shown in the forms 67 and 68.

70. Having proved Cash and ruled it, and proved Bills Receivable and Bills Payable, the next step is to take a trial balance of your ledger to prove all other postings and the additions. The work of taking this trial balance will be similar to that of 46. Observe, however,

(a) that Cash being balanced shows only a debit in the trial balance,  
 (b) that all accounts, even those in which the debits and credits were equal, were included in the preceding trial balance (See 46 foot note),

(c) that two personal accounts should be ruled and omitted from this balance, Henry M. Goble among your creditors and J. C. Dowell & Co. among your customers, because both firms

have gone out of business. Rule their accounts as in Model Ledger No. 2, before proceeding. Accounts that are active are left open during the year that they may show the entire amount of your dealings with the firm and enable you to make comparisons of the business of one year with another, and all such should go into your trial balance, showing exactly the face of your ledger. When accounts of this class are balanced by regular payments as each invoice matures, this is indicated either by a single red line ruling, as in the account of the Pillsbury Flour Mills Co., or by checking opposite the items as in the account of Armour & Company. The footings being carried forward, the latter plan is the neater and the better. See Model Ledger No. 2.

71. If your work is correct, your trial balance at this time will be as presented in the form in 72 (e) 3d column. If incorrect,—

1st. Determine the exact error. So long as the amount of the error changes with every addition of the ledger or trial balance the error is probably only in adding, and you may just as well stop right where you are until you have learned to add.

2d. When you are certain of your additions, divide the amount of the error by 2 and then look carefully over the trial balance, and through the books from which you have posted, to see if you can find either the whole amount of the error omitted from one side, or the half of the error posted to the wrong side of some account. Also observe closely whether all balances have been properly brought down and all accounts taken into the trial balance.

3d. If the remainder be exactly divisible by 9, 99, or 999 it may be reversed or misplaced figures. For example any two figures reversed as 36 written 63 will cause an error that will be exactly divisible by 9, while the writing of 109 as 1.09 would make an error divisible by either 9 or 99. Being divisible by 9 in this case would show nothing, while being divisible by 99 would indicate that the quotient figures had been misplaced either to the right or the left. These suggestions will, however, only be useful in keeping you on the watch for such errors while you review the posting, which is the next step.

4th. Review your posting, lightly check-marking with pencil (V) each number, as you pass it, both in the journal and the ledger, that you may be certain to omit nothing. Erase the check marks when the work is complete. This will probably discover any error that it is possible for you to make in the present work. If it does not, proceed as in 72 below.

72. To Find a Trial Balance When Ordinary Methods Fail.

Ledger Debits			Ledger Credits		
Cash	Freight	And. And.	McL. Co.	Int. & Dis.	Cash
\$150 -	\$42 -	\$386 75	\$648 47	\$645	\$150 -
1299 53		1863 88		64	50 -
100 -	Salaries		And. And.	65	42 -
980 21	50 -	F. N. Burns	386 85		2 -
		214 78	1000 21	Bills Rec.	2875 -
Madse	Bills Rec.	Pillsbury	F. N. Burns	1293 08	194 35
195 -	648 47	F. M. Co.	102 -	382 88	
744 -	382 88	2875 -			Madse.
					648 47
Madse. D.	Bills Pay.	Keystone	Keystone	Bills Pay.	386 75
387	195 -	Co.	Co.	195 -	717 50
2 -		744 -	744 -	3530 4	214 78
20 -	McL. Co.		N. M. Noble	Park Rec.	1863 88
	648 47	N. M. Noble	195 -	Co	
Expense	717 50	195 -		150 -	Madse. D.
150 -					744
2 -					

(a) Referring to your last preceding trial balance recorded in your journal (see 46), copy from your ledger every new item in each account, using for this purpose trial balance paper so that you may place all the debits in columns to the left of the page and the credits to the right exactly as the items of your present ledger are copied in the form preceding.

(b) Now commencing with the first number at the top of the extreme left column, number it, 1, in red ink as shown by the red ink numbers in the form below, and hunt for the number in one of the right hand columns numbering it, 1, in the same manner. You will find the credit for this first cash debit in the credit of the Park Grocery Co. The credit of \$150 in Cash belongs to another debit. In looking for credits to match your debits, you should remember that in making your entries, Cash debits came in from personal accounts and from Bills Receivable almost exclusively, Mdse. debits from personal credits, Bills Receivable debits from personal credits, Bills Payable debits from personal credits, personal debits from Mdse. credits, from Bills Payable credits, and from Cash credits, etc. The credit of any particular debit should never be checked in the credit of the same account if it can be found anywhere else; indeed, it might as well be x'd and passed as unchecked, as will appear later. Returning to the left hand column, number the second number 2, and failing to find it in any right hand column of the page place an x as shown below. Numbering the third number 3, and failing to find it, mark it also with an x, and proceed with the fourth number, which you will find and number in one of the right hand columns of the page. Proceed in this manner until all the numbers in the left hand columns are consecutively numbered as in this form below.

Ledger Debits										Ledger Credits									
1	Cash		Freight		And. And.		McG. & Co.		Int. & Dis.		Cash								
1	\$150 -	12	\$42 -	19	\$386 75	14	\$648 47		\$6 45	10	\$150 -								
x2	1299 53			20	1863 88				64	13	50 -								
x3	100 -		Salaries				And. And.		65	12	42 -								
x4	980 21	13	50 -	21	F. N. Burns		386 85			11	2 -								
					214 78		1000 21		Bills Rec.	22	2875 -								
5	Mdse		Bills Rec						1293 08		1944 35								
6	195 -	14	648 47		Billsbury		F. N. Burns	15	382 88										
	744 -	15	382 88	22	F. M. Co.		102 -												
					2875 -				Bills Pay.	17	648 47								
x7	Mdse. D.		Bills Pay		Keystone		Keystone	24	195 -	19	386 75								
x8	3 87	x16	195 -		Co.	6	Co.		353 04		717 50								
x9	20 -		McG. & Co.	x23	744 -		744 -				214 78								
		17	648 47						N. M. Gable		1863 88								
	Expense	18	717 50	24	N. M. Gable	5	195 -	1	150 -		Mdse. D.								
10	150 -										744 -								
11	2 -																		

(c) Those numbers on the left in the form above which you have failed to find and have marked x, and those which are not marked at all on the right, constitute possible errors which you will now proceed to find and correct. Taking up number 2, \$1,299.53 cash debit and turning first to your ledger and thence to the journal (guided by the reference columns), you will find that the credit for this number consists of \$1,293.08 in Bills Receivable and \$6.54 in Interest and Discount. Check both of these numbers in the right hand columns with the check number 2, and remove the x from the number which you have now found. Taking the third number marked x, \$100, and tracing it to your journal you will find that its credit is \$102 in the

account of F. H. Burns, the additional \$2 debit being the 8th number which is also marked *x*. Check the \$102 in F. H. Burns' credit with both numbers, 3 and 8, and remove the *x*'s." The next number marked *x* in the left hand column is the 4th \$980.21 in cash. Tracing it to your journal you find that its credit is \$1,000.21 in the account of Anderson & Anderson, the additional debit being \$20 in Mdse. Discount which is also marked *x*. Check the \$1,000.21 with both numbers, 4 and 9, and remove the *x*. The next number marked *x* is the 7th \$3.87 in Merchandise Discount. Tracing it to your journal you find that its credit is \$386.75 in the account of Anderson & Anderson, the additional debit being number 15, \$382.88 in Bills Receivable. But number 15 has already been checked off with the credit of Bills Receivable also numbered 15, a very natural thing to do in the first checking of numbers. It will be necessary, therefore at this time to erase the 15 from the \$382.88 in Bills Receivable credit, leaving it blank, and to check the \$386.75 in Anderson & Anderson's credit with the numbers, 7 and 15. The next number marked with an *x* is \$195 in Bills Payable debit. Tracing it to the journal you find that its credit is \$194.35 in Cash and 65c in Interest and Discount. Check both these numbers with number 16 and remove the *x*. The one remaining number marked, *x*, in any of the left hand columns is number 23, \$744, in the Keystone Company's account. Tracing it to your journal you find that it has four credits to each one of which you will place the number 23 on the checking page, namely, \$382.88 in Bills Receivable (the number that was checked 15), \$353.04 in Bills Payable, \$7.44 in Merchandise Discount, and 64c in Interest and Discount. When each of these is checked with the number 23, it will be evident that every debit has a corresponding credit and the work will appear as below, except the footings which are not yet computed.

Ledger Debits				Ledger Credits			
<i>Cash</i>		<i>Freight</i>		<i>Anderson</i>		<i>Int. &amp; Dis.</i>	<i>Cash</i>
1 8150 -	12	842 -	19	8386 75	14	8648 47	2 8648 47
2 1299 53		42 -	20	1863 88		648 47	23 64 13
3 100 -		<i>Salaries</i>		2250 63		<i>Anderson</i>	16 65 12
4 980 21	13	50 -		F. H. Burns	7	10386 85	11 774 11
2520 74		50 -	21	214 78	44	1000 21	22 2875 -
<i>Mdse.</i>		<i>Bills Rec.</i>		214 78		1886 96	2 1293 08
5 195 -	14	648 47		<i>Pillsbury</i>		F. H. Burns	23 382 88
6 744 -	15	382 88		F. H. Co.	34	8 102 -	1675 96
939 -		1031 35	22	2875 -		102 -	<i>Bills Pay.</i>
<i>Mdse. D.</i>		<i>Bills Pay.</i>		2875 -		<i>Keystone</i>	17 195 -
7 387	16	195 -		<i>Keystone</i>	24	Co.	19 386 75
8 2 -		195 -		Co.	6	744 -	23 353 04
9 20 -		<i>McG. Co.</i>	23	744 -		744 -	21 548 04
2587	17	648 47		744 -		<i>N. M. Lobb</i>	20 1863 88
<i>Expense</i>	18	717 50		N. M. Lobb	5	195 -	1 150 -
10 150 -		1365 97	24	195 -		195 -	23 150 -
11 2 -				195 -			<i>Mdse. D.</i>
152 -							744

(d) Now, add each one of the little accounts as shown above, entering the footings in red ink in the blank space left under each account, and take a trial balance of these accounts to prove that the additions are correct. Having carefully checked off every debit with a corresponding credit, any failure of this balance to prove will be due to inaccuracies in your additions, which you must overcome by persistent practice. It is useless to proceed with the study of bookkeep-

ing unless you can add, and add accurately. When this balance proves, make a copy of your last preceding trial balance shown by the black figures in columns No. 1, in the form below, and write into it the figures of the red footings, in (c), exactly as they appear in red in the form below. Adding these black and red figures and extending them into a new pair of columns, numbered 2, you will have a key to your present trial balance, and having made the key you have a right to use it. Now, copy your trial balance from your ledger into the third pair of columns comparing it with this key and wherever you find a difference you have found a mistake, unless the difference be due merely to the balancing of accounts as in cash. If any mistakes appear, look them up and correct them, until your work agrees with the results shown in the third pair of columns in the form below<sup>1</sup>.

(e)

(1)

(2)

(3)

L F	(1) C. W. BURKE'S TRIAL BALANCE JAN. 15, 1911 - INTO WHICH HAS BEEN WRITTEN IN RED INK A BALANCE OF THE NEW WORK FROM PROOF SHEET		(2) FORMER BALANCE AND BAL- ANCE OF NEW WORK ADDED FORMING A KEY TO THE PRE- SENT CONDITION OF THE LEDGER		(3) C. W. BURKE'S TRIAL BALANCE FEB. 21, 1911 - VERIFIED BY THE PRECEDING PROOF.	
1 C. W. Burke, Propr.	5000 -	5000 -		5000 -		5000 -
2 Cash	2529 74	3313 35				
3 Merchandise	7873 08	616 508	10402 82	9478 43	924 39	
4 Expense	939 -	3831 38				
3 Merchandise Dis.	10525 34	4316 16	11464 34	8147 54	11464 34	8147 54
5 Interest & Discount	152 -					
4 Freight & Cartage	150 -		302 -		302 -	
5 Salaries	23 87					
8 Bills Receivable		7 44	2587	57 44	2587	57 44
8 " Payable		50 -				
9 Park Grocery Co.		7 54		77 44		
9 J. C. Dowell & Co.	42 -		42 -		42 -	
9 McConnell & Co.	50 -		50 -		50 -	
10 Anderson & And.	1031 35	1673 96				
10 F. H. Burns	1299 08	940 08	2324 43	1675 96	2324 43	1675 96
11 Armour Packing Co.	195 -	548 04	195 -	1488 12	195 -	1488 12
11 Lillibury F. M. Co.	150 -	150 -	150 -	150 -	150 -	150 -
11 The Keystone Co.	2586 16	2586 16	2586 16	2586 16		
12 H. M. Goble	1365 97	648 47				
	2250 63	1386 96	1365 97	648 47	1365 97	648 47
	214 78	102 -	2250 63	1386 96	2250 63	1386 96
			214 78	102 -	214 78	102 -
	1880 16	1880 16	1880 16	1880 16	1880 16	1880 16
	2875 -					
	3625 -	6500 -	6500 -	6500 -	6500 -	6500 -
	744 -	744 -	744 -	1389 18	744 -	1389 18
	195 -	195 -	195 -	195 -		
	42610 34	12610 34				
	28082 82	28082 82	40693 16	40693 16	28423 57	28423 57

1. The method of finding a trial balance set forth in this section 72 may seem long, but a long road that leads certainly to the desired end is usually shorter than a road that may lead there and may not. It can be used to find any trial balance, and is easier of application, though different in form when more advanced books are used. The author had occasion once to suggest this method to a graduate of one of the oldest, best, and best known business colleges in the United States after he had struggled with his trial balance in his first position for some weeks and was about to give up in despair, and had the pleasure of hearing him say a few days later that he had learned more through that experience than all he had learned in college.

73. Having found your trial balance, record it in your journal next following the copied records of Bills Receivable and Bills Payable, and you have completed what is termed **The Daily Closing**. Detach from Prepared Blanks, Form 36, fill it out as you filled out your former report per instructions in 48 (d) and copy it carefully into the form following.

Form 36

**REPORT**

Cash balance in Ledger,..... \$.....	In bank per check book,..... \$.....
Notes received, Number,..... \$.....	Invoices bought, Number,..... \$.....
Orders filled, Number,..... \$.....	Receipts taken, Number,..... \$.....
<b>Outgoing Papers.</b>	
Checks paid out, Number,..... \$.....	Teacher's
Bills rendered, Number,..... \$.....	Stamp of
Notes given, Number,..... \$.....	Approval

When this is done submit your report with your books, to your teacher for approval while you write out carefully the answers to the following questions:

74. **Questions to Test Your Knowledge.**—Copy the following questions and write answers as instructed for the questions in 26. Be careful of your penmanship and English.

1. What is the best way to express the absence of cents in writing round numbers and why? See 32 Note 1.

2. In posting, is it safe to leave the date or reference column blank when the figures, if entered, would be the same as in the preceding item? 33 Note. Why?

3. In what accounts is it of advantage to make a record in the wide (explanation) column of the ledger when posting, and what is the nature of this record? See 33 (a) and 34, also 36 (a) Footnote.

4. What sort of pencil should be used in adding ledger accounts and where are the pencil footings to be written? What is the best method of finding and recording the difference between the footings of an account? What other method is a common, allowable practice? 44.

5. What proves the Cash account? 45 (a).

6. When a check book has more than one check to the page, is it necessary to subtract and show the balance every time a check is drawn? When is it desirable to do so? What short method in arithmetic may be advantageously practiced in the subtractions of the check book? To what other computations in bookkeeping may it be applied to advantage?

7. What is a draft? What is it to accept a draft? What is a bill of exchange? When you draw a draft in your own favor on one who owes you and he accepts it, what account do you debit? What credit? If it be a sight draft and the drawee pays it in cash, what difference will it make in the entry? 51 and 53. If it is not certain that your draft will be honored what is the best method of handling it? 53 Footnote 1.

8. If a creditor draws on you at sight and you pay the draft, what account should be debited? Credited? 56 (a). If it be a time draft and you accept it what account should be debited? Credited? 57 (a).

9. What account should be debited when you pay a draft that you have previously accepted as in 57 (b) and (c)? What account, when you pay a draft that you have not accepted as in 56 (b)?

10. To what account or accounts do you charge money paid for freight and drayage (or cartage) and why?

11. When you collect a note with interest what is the entry?

12. If a charge be made for collecting, what should be the entry? (54, foot note).

13. If you pay a note with interest what should the entry be? Why not charge it to the person to whom it is paid? 20 (a)?



14. Why are bills receivable debited when received and credited when paid and bills payable credited when they originate and debited when they are paid? 23 (a) (b) (c). 69 (a), note.

15. What do you understand by accounts receivable? What by accounts payable? 28 Foot-note 1.

Having completed your answers to these questions, submit them to your teacher and if your books and report have been approved, your teacher will hand you your books so that you may proceed to make out your balance sheet and close your ledger while he examines your answers.

75. Having proved your Cash and Bills Receivable and Payable, and taken your trial balance, the next step is to make out a balance sheet, and preparatory to this it is necessary to take inventories of the values represented by some of your accounts. In Merchandise, this is called **taking stock**, and has already been done under Mr. Burke's direction and supervision to the extent of making a list of the goods on hand with their cost prices. It is for you as bookkeeper to make the extensions and footings. Detach Blank Form 37 and compute and enter the extensions and footings so as to show the goods on hand both by departments and in the total. The plan of computation is illustrated by the dots and dashes in the form below.

#### INVENTORY OF MERCHANDISE.

				Extension Columns		Dept. Totals	Total Mdse.
Department B:							
Pillsbury's Flour	225 brls.	5.00	....	--			
	16 "	5.75	..	--			
	186 "	5.50	....	--			
Total Department B	- - - - -				....	--	
Department C:							
Granulated Sugar	465 lbs.	4.50	..	--			
Total Department C	- - - - -				..	--	
Department D, Tea:							
Eng. Break. Tea	240 lbs. 33 1/3¢		..	--			
Uncolored Jap. Tea	180 " 33 1/3¢		..	--			
Inventory of Tea, Dep't D	- - - - -		...	--			
Meats:							
Star Sliced Bacon	50 doz.	2.45	...	--			
VB Corned Beef	200 "	1.70	...	--			
VB Roast Beef	50 "	1.70	..	--			
VB Corned Beef Hash	100 "	1.65	...	--			
VB Chicken Loaf	10 "	1.80	..	--			
VB Roast Mutton	20 "	1.80	..	--			
VB Bnls. Pigs Feet	25 "	1.65	..	--			
Columbia Bologna	20 "	2.00	..	--			
Star Hams	425 lbs. 12 1/2¢		..	--			
Inventory of Meats, Dep't D	- - - - -		...	--			
Total Department D	- - - - -				....	--	
Department E:							
Apples, Roman Beauty	100 brls.	2.40	...	--			
" Jennetings	70 "	3.00	...	--			
Total Department E	- - - - -				...	--	
Department F:							
Glassware, Tumblers	2 gross	8.55	..	--			
Bellshaped Tumblers	2 "	9.30	..	--			
Wines	1 "	13.50	..	--			
Saucer Champ.	4 "	20.25	..	--			
Hld. Lemonades	1 2/3 "	32.40	..	--			
Total Department F	- - - - -				....	--	
Total value of Merchandise							.... --

76. Analytical Proof of Merchandise. Having taken your inventory, preparatory to closing the Merchandise account, it is very necessary to know that it is correct as on its accuracy will

depend the loss or gain that your books will show and to a very great extent the truth or falsity of the statement that Mr. Burke relies on to show the real value of the business that he is putting into the partnership. There are many ways of proving work of this kind, the principal being the methods of proving addition and multiplication, with careful revision of every step of the work. Mr. Burke, however, has very carefully classified his goods according to the per cent. of profit that they will bear and find ready sale, and this classification will materially aid you now in proving the accuracy of your work in taking this inventory. Except the A. R. Kay stock which was sold at auction for what it would bring, all goods have been classified as they came in and listed to sell at a definite per cent. of profit as follows:

(a) INVOICE AND DESCRIPTION OF GOODS	Class A Miscellaneous No Fixed Per Cent.	Class B Flour Listed to Sell at 5% Profit	Class C Sugar Listed to Sell at 10% Profit	Class D Smoked and Canned Meats and Tea 20% Profit	Class E Fruits and Other Goods in Bulk 16 2/3% Profit	Class F Glassware Listed to Sell at 1 1/2% Profit	TOTAL OF INVOICES
A. R. Kay Stock, Misc. . . . .	1500						1500
Inv. 1-P, Flour . . . . .		1125					1125
Inv. 2-A, Hams and Can'd Meats . . . . .				1880 16			1880 16
Inv. 3-P, Flour . . . . .		5375					5375
Inv. 4-K, Sugar, Tea, Rice . . . . .			154 93	391 25	99		645 18
Inv. 5-G, Glassware . . . . .						195	195
Inv. 6-K, Apples . . . . .					744		744
Total Cost of Merchandise	1500	6500	154 93	2271 41	843	195	11484 34
SALES							
Auction of A. R. Kay Stock . . . . .	1580						1580
Sales 1, Hams, Tea, Glassware . . . . .				138		12	150
Sales 2, Flour, Sugar, Tea, Rice . . . . .		2310	58 16	162	56		2586 16
Sales 3, Flour, Sugar, Tea, Rice . . . . .		577 50	17 97	49 50	3 50		648 47
Sales 4, Flour, Tea, Rice . . . . .		288 75		42	56		386 75
Sales 5, Flour, Apples . . . . .		577 50			140		717 50
Sales 6, Flour, Sugar, Apples . . . . .		115 50	71 28		28		214 78
Sales 7, Flour, Meats, Apples . . . . .		603 75		1085 13	175		1863 88
Total Sales of Merchandise	1580	4473	147 41	1476 63	458 50	12	8147 54
Deduct Profits by Percentage	80	213	13 40	246 11	65 50	1 20	619 21
Leaves Cost of Goods Sold	1500	4260	134 01	1230 52	393	10 80	7528 33
Deducting cost of goods sold from the total cost of Mdse. above, gives Inventories . . . . .		2240	20 92 <sup>1</sup>	1040 89 <sup>2</sup>	450	184 20	3936 01

(b) **Correction of Errors.** If your proof of Merchandise has discovered errors in any of your invoices or sales, the principle that will govern you in making the correction will be, **Correct every mistake that would be corrected in business.** In the early history of business it was the object of the seller to cheat the buyer and of the buyer to beat the seller, and it is still true in the Orient, but in countries pervaded by the civilization of Christianity, business has practically adopted the motto, **Honesty is the best policy**; and business firms everywhere stand ready at all times to correct, even without being asked, any mistake that is apparent. If, therefore, the error is in your favor you will always make offer to correct it unless it is so insignificant as to be ridiculous. If against you, you will feel at liberty to ignore it, unless it be of some financial importance. In a retail business, dealers will correct errors in favor of their customers as a good policy, if for no other reason, and for the same reason would probably pass over all errors against themselves, for the sake of holding custom. Among wholesale merchants and their customers, however, the principle works freely both ways.

The entry for a correction of an error in a merchandise transaction will probably be first, a debit or a credit to the person or firm interested according as the mistake is against them or in

1. This profit is not computed by percentage. Being in the Miscellaneous Class the computation is made by taking the actual difference between cost and sales.

2. The student who has carefully worked out his inventory as instructed in 75 will find that his results if correct differ from the department results above by one cent each in Classes C and F. These differences are due to the taking of the half-cent in invoices and inventory, or in the computation of the profits by percentage, and cannot be certainly controlled. As one of these differences is plus and the other minus, the total inventory proves exactly and the total gain is as shown in the table. In making a tabulated showing like the above for business purposes, it would be perfectly allowable and correct to arbitrarily adjust the one cent of apparent error in each case on the gains of the respective classes or departments, making the gain in Class C, \$13.41, and that in Class F, \$246.10, which as checked up by the inventory is the exact gain for each of these departments, and makes no change in the final or total result.



their favor, the opposite entry going to Merchandise or possibly to an account known as Merchandise Errors. For further instruction, consult your teacher.

(c) When entries have been made to correct all errors, it will be necessary to revise the trial balance or to make a new one before proceeding to make out the balance sheet as instructed in 78. It will therefore be apparent to the student that, when Merchandise is to be proven preparatory to a general closing of the books, it will be best to prove it along with Cash and your Bills Receivable and Bills Payable, **before taking your trial balance.**

77. **Other Inventories.** Many other accounts besides Merchandise may have an inventory to take into account at the closing of the books, but the only additional inventories that we will consider at this time are to be found in Expense and Salaries.

Closing books as we are doing on the 21st of the month we have

(a) A week's rent paid for that we have not yet used, and we owe

(b) Three weeks' water bill that has not yet been paid as these items are usually settled on the first of the month.

Observe that the item of rent (a), is in our favor, is a value that we will get out of this account in the transfer to the new partnership, while the item of water rent is against us, is an item that we will owe to the new partnership since it will come in for them to pay on the first of March. Compute the Expense Inventory as indicated below and copy it on the detached form 37 immediately following the Merchandise Inventory.

Form 37

#### INVENTORY OF EXPENSE ACCOUNT.

<b>Resource Inventory:</b>			
7 days' rent unused, 1/4 month, \$150	37	50	
<b>Deduct Inventory of Liabilities.</b>			
21 days' water bill unpaid, 3/4 month \$2	1	50	
<b>Leaves Net Resource Inventory of Expense</b>			36 00

#### INVENTORY OF SALARIES ACCOUNT.

<b>Liabilities Inventory:</b>			
21 days' Bookkeeper's salary unpaid, 3/4 month \$50			37 50

The student will carefully observe that the \$36 of Expense Inventory is a value that can be turned into money and that as we proceed we will use it in the Expense account exactly as the Merchandise Inventory will be used in Merchandise; but that Salaries Inventory is an inventory of debt or something that will take money out of the business and decrease instead of increase the value of Mr. Burke's business at this time. Copy this inventory also on the detached Form 37 immediately following the inventory of Expense.

(c) Observe that a **Resource Inventory** is a list at cost prices of goods or other values, that have been charged against their respective accounts and not yet used up or credited out. They are unused capital, just as much as the money in the cash drawer though they are in another form than money. Observe also that a **Liability Inventory** is a list of debts owed for services rendered (sometimes for values received) that have already been used in the business, but have not been charged to their respective accounts.

#### TO MAKE OUT A BALANCE SHEET.

78. **The Balance of Differences.** Copy your trial balance as it appears in the third pair of columns in the form in 72 (e), on scratch paper<sup>1</sup> and reduce it to a balance of differences<sup>2</sup> by

1. Although it has seemed necessary in this and other instances to require the student in the beginning of his work to do it, first, on scratch paper, the "scratch paper habit" is not to be encouraged. It breeds inaccuracy and self-distrust. The accountant that can add, subtract, multiply, or divide accurately has little need for scratch paper, and unless you intend to make that kind of an accountant, you would better quit at once. A gentleman who held high position on the Pacific Coast, both as an accountant and as a teacher of

subtracting the smaller side of each account from the larger and writing the remainder on the larger side. Accounts that are the same on both sides will not appear in this balance. Prove the accuracy of your subtractions by adding the resulting columns. The two footings will be equal though they will not be the same as in 72 (e). Now copy this subtracted balance, **except the footings**, into the first two columns on the first page of your trial balance book and re-add it to obtain the footings<sup>3</sup>.

(a) When the re-addition of your columns proves them to be correct, write at the head of the second pair of columns, *Losses and Gains*, and at the head of the third pair of columns, *Resources and Liabilities*, making your trial balance page appear as in the form below.

*C. W. Burke's Balance Sheet, February 21, 191*

I. F.		TRIAL BALANCE		LOSSES	GAINS	RESOURCES	LIABILITIES
1	C. W. Burke, Prop'r		5000-				
2	Cash	92439					
3	Mdse. (Inv't \$3936 <sup>00</sup> )	331680					
3	Mdse. Dis.		3157				
4	Expense (Inv't \$36 <sup>00</sup> )	302-					
4	Freight	42-					
5	Salaries (Unpaid 31 <sup>00</sup> )	50-					
5	Int. & Dis.		774				
8	Bills Rec.	64847					
8	Bills Pay.		129312				
9	McConnell & Co.	71750					
10	Anderson & And.	86367					
10	F. W. Burns	11278					
11	The Keystone Co.		64518				
		697761	697761				

(b) Studying the above form and remembering that in making entries you have always credited the source from which your values came and debited the accounts that represent the places into which you put these values (see 12), it should be apparent that your debit column now contains all that is due to the business from any and all of its accounts, and that if you can get back the sum charged to an account in cash or in something that can be turned into cash, it is a resource, if not, it is a loss. For example, if you can go to the cash drawer or the bank and find the \$924.39 charged against Cash, as above, it is a resource, but if the drawer has been robbed, or the bank has failed, what you cannot get is a loss. Or looking at the account of McCon-

accounting, once told his students that he very nearly lost his first business position because he had been taught in a business college to work everything out first on scratch paper and then copy it into his books. Business men want original work in their books, not a copy of the original.

2. The subtraction of the smaller side of the account from the larger is made uniform in all the accounts of this trial balance that it may be easier to instruct the student in distributing the items to the proper columns. Later, the student will be required to let every trial balance (especially one preceding a balance sheet) show the face of the ledger, or both the debit and credit footings, of Merchandise and all similar accounts in which it is desirable to show both cost and sales.

3. The importance of the instruction to re-add the copied trial balance to obtain the footings instead of copying them, should be at once apparent to the thoughtful student. If in copying the figures of the columns, there be a number omitted or figures reversed, or copied incorrectly owing to imperfect formation, and the footing be copied, the error in copying the numbers will not be discovered, until some question of the accuracy of this balance is raised. It will then be found wanting, and although you may know that it was correct when you copied it, you will need to find it again, because you did not copy it correctly. All this might have been avoided at the time by re-adding to obtain the footings. *Never Copy Results.*

nell & Co., if you can collect the amount charged against him, it is a resource, but if he has failed, whatever you cannot collect is a loss.

If you can go to your landlord and get back from him the money paid for rent and charged to Expense it would be a resource; but as you cannot expect this return of your money after you have used the building, all of that debit which represents rent already used is a loss.

In like manner, it should be apparent that the credit column contains all the business owes to any and all of its accounts, since we credited the source from which our values came, and that when these accounts represent persons outside of the business who will have to be repaid, the amounts are liabilities, while the credit balances of accounts representing departments of the business are gains, since we owe these to accounts representing our own efforts and will not need to repay them to anyone else. We except from this statement, the \$5,000.00, that stands to the credit of C. W. Burke, because we know it to be his investment. In a way, it is what the business owes him, but it is subject to the gains and losses for its final amount. The work of making a balance sheet is the assigning of each of the amounts in the trial balance columns to one of the other columns according as you find it to represent a loss, a gain, a resource or a liability. See column headings in form (a).

(c) Inventories. When it comes to investigating such an account as Merchandise to see whether we can get back from it the \$3,316.80 that you find charged against it in the trial balance in (a) above, it becomes necessary to take an inventory of the merchandise in stock, that is, to count up its value at cost prices. This has already been taken and proved as instructed in 75 and 76. Take up your Inventory Sheet, the detached Form 37 and copy the amount of each inventory on your balance sheet where it appears in the balance sheet form in (a) preceding.

**79. Extending the Items of the Balance Sheet.** Take the balance sheet you have already prepared as instructed in 78 (a), and proceed to enter the amounts in the columns to which each belongs as per the following instructions which you will follow closely:

(a) Passing over the Proprietor's credit (see comment on this item in 78, b), the first debit shows you that Cash (representing either your safe or your bank account, or both) is charged with having received \$924.39 belonging to your business, above what the credits of that account in the ledger showed that it has returned to you, or given up on your order. Since you have proved in 66, that exactly that amount of cash is on hand, viz: \$106.00 in your cash drawer and \$818.39 in your bank subject to your order at any time, you count this sum a resource and enter the amount in that column, on the same horizontal line with the title Cash.

(b) Taking the next item, you notice that your ledger, as shown by the trial balance, calls for \$3,316.80 in merchandise at cost prices. Your merchandise cost you a total of \$11,464.34 as shown by the trial balance presented in section 72 (c) and you have sold goods to the amount of \$8,147.54, leaving the balance of \$3,316.80 standing against your present stock. But the inventory, taken to see if Merchandise is good for this amount, shows that you have goods on hand to the value of \$3,936.01. This then is your resource from this account; extend it into the resource column in the same horizontal line with the title Merchandise. Since, however, it is more than the amount you have charged against Merchandise account (see trial balance is 78, a) it is clear that the difference is a gain. Extend this difference, \$619.21 into the Gains column, on the same horizontal line with the title Merchandise.

(c) The next item, Mdse. Discount, \$31.57 being in the credit column indicates that that amount of money came into your business from your discounting bills by paying them before they became due (see 21, a) and as this comes out of your own industry and foresight and not from some source outside of your business it is a gain to you. Extend the amount into the Gains column on the same horizontal line with the title Merchandise Discount.

(d) The next item is Expense \$302.00, with an inventory memorandum of \$36.00. Enter the \$36.00 in the resource column. Turn to your Inventory of Expense on your inventory sheet and observe that the unused rent amounted to \$37.50. This is all you could possibly expect to

get back of the money you have paid for rent if you should sell out the entire business to some one who expected to continue it in the same building; or it is exactly what the unused portion of the rent is worth to you for future use. The rest of the money that you have put into the things represented by the Expense account is loss, and we find in the Inventory of Expense an additional item of loss \$1.50 for water that is due but not charged up. Deducting this from the value of \$37.50 that we found in the rent, we have as the real value represented by this account, \$36.00. The rest of the money that you have put into Expense, or the difference between the debit of \$302.00 and this inventory credit, is a loss, \$266.00. Enter it in the Losses column on the same horizontal line with the title Expense.

(e) The item of \$42.00 that was paid for freight and cartage as shown by the next account is entirely loss. The service paid for has been fully rendered. There is no part of it due to you from the drayman. You can neither collect from him in cash, nor claim anything in the form of future services. Extend it into the Losses column<sup>1</sup>.

(f) The next item in the trial balance columns is, Salaries \$50, with a liability inventory of \$37.50, earned and unpaid, hence, due. This being a debt due and not yet paid, it is a liability, extend the amount, \$37.50 into the Liabilities column on the same line with the title, Salaries, then add it to the \$50 that is already in the debit of Salaries and place the total sum, \$87.50 in the Losses column. In this respect this amount is treated exactly as it would be if the \$37.50 were paid, except that only \$50.00 appears on the debit of the trial balance. Observe that in placing \$37.50 in Liabilities, which is a credit column, you destroyed the balance until the same sum added to the \$50.00 was placed in Losses which is a debit column. Observe also that in entering the Inventory of Merchandise in the Resources column, you preserved the balance by placing the same amount to the credit of the account when you placed the difference between that and the Merchandise debit in the Gains column; and that the same thing was done in Expense, the \$36.00 of Inventory being offset by subtracting it from the Expense debit and carrying that much less into the Losses column.

(g) The next item, Interest \$7.74, is very similar to the item of Merchandise Discount. It comes into your business from your money loaned out and not from any outside party to whom it must be repaid. It is therefore, a gain. Extend it into the Gains column, on the same line with the title Interest and Discount.

(h) The next item, Bills Receivable, \$648.47, indicates that you have put that amount into notes of other persons which you hold against them. If some of these persons should fail there would be a loss on this item, but since the note represented by this sum is considered perfectly good and possible of being turned into money, we count this a resource. Extend it into the resource column on the same line with the title of the account.

(i) The next item, Bills Payable, \$1,293.12, indicates that you have that amount of money or goods in your business that came from your giving notes to outside parties to whom it must be repaid. See definition of Bills Payable 20, a. It is therefore, a liability. Extend it into the Liabilities column, on the same line with the title of the account.

(j) The next item, a charge against McConnell & Co., of \$717.50, is counted as good as cash when due and hence is extended into the resources column; so also the debits to Anderson & Anderson and F. H. Burns, respectively.

(k) The last item in the trial balance, a credit to the Keystone Company, indicates that you have that value in some form in your business, received from the Keystone Company and not as yet paid for. See 22, 59 and 61. Since you owe that sum to the Keystone Company, it is a liability and is to be extended into that column.

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1. Freight and Cartage charges on goods received constitute an expense which is often charged directly to the Merchandise account when it is paid, or after being collected into a separate account as in this practice, is closed into Merchandise instead of directly into Loss and Gain. This, however, is a feature of cost accounting that will be considered in a future practice. In this practice we will close this account directly into Loss and Gain.

(l) If you have carefully studied the foregoing while extending the amounts into the respective columns, you have observed that the **debit column** of a subtracted trial balance (except as influenced by inventories) **contains** all the **losses** and **resources** and these only, while the **credit column** contains the **liabilities** (debts) of the firm, and the **gains** excepting the proprietor's account which we have not as yet considered.

(m) Before proceeding farther with the balance sheet, it is desirable to prove the accuracy of the work done<sup>1</sup>. Add each of the four columns, Losses, Gains, Resources, and Liabilities, and set the result in pencil below the red line at the foot of the column. Then add together the losses and resources for one sum and the gains, liabilities and the proprietor's credit for the other and if the two sums are equal, you may proceed to enter these footings in black ink, as shown below.

80.

*C. W. Burke's Balance Sheet, February 24, 1911.*

		TRIAL BALANCE		LOSSES	GAINS	RESOURCES	LIABILITIES
1	C. W. Burke, Prop'r.	5000-					
2	Cash	92439				92439	
3	Merch. (Inv't. \$39360)	331680			61921	393601	*
3	Merch. Dis.		3157		3157		
4	Expense (Inv't. \$36.02)	302-		266-		36-	*
4	Freight	42-		42-			
5	Salaries (Unpaid \$37.50)	50-		8750			3750*
5	Int. & Dis.		774		774		
8	Bills Rec.	64847				64847	
8	Bills Pay.		129312				129312
9	McConnell & Co.	71750				71750	
10	Anderson & Co.	86367				86367	
10	H. H. Burns	11278				11278	
11	The Keystone Co.		64518				64518
		697761	697761	39500	65852	723882	197580
C. W. Burke's Net Gain				26302			
				65852	65852		
C. W. Burke's Net Invest		† 5000-					
" " " " Gain			26302				
" " " " Present Worth							526802
						723882	723882

1. A proof taken at this time as required will prevent any possibility of the Resources and Liabilities columns failing to balance (unless the error be made in later work) and will save erasures or the necessity of making a new balance sheet.

\*Many texts teach the use of red ink for these figures obtained by inventory. This is unnecessary when the amount of the inventory is stated following the title of the account, as above, and the modern accountant avoids red ink all that he can, unless the sheet be prepared on a two-color typewriter.

† After the columns have been ruled as above, they are for the purpose of adding the gain to the investment, merely item and total columns to be used to the best advantage regardless of any debit or credit relation.

**81. To Close the Balance Sheet.**

First, enter the difference between the losses and gains in the Loss column in red ink with the explanation, *C. W. Burke's net gain*, and rule and foot the columns of losses and gains as in 80.

Second, bring down as shown in 80 from the top line of your trial balance in 78 (a), the \$5,000.00 that was not extended but was passed over as per 79 (a), add to it the net gain and extend it into the liabilities column in black ink<sup>1</sup> as in the form below. This last item shows the amount that the business owes to the proprietor, or the amount that he now has in the business. Complete the rulings as shown in the form 80 and your balance sheet is complete. Now turn back to 5 and compare the statements of that definition of double entry with the results presented by this balance sheet. Observe that this balance sheet shows the amount of net gain of the business as expressed by the red ink figures at the foot of the Losses column; that it shows the total gains as shown by the footing of the Gains column; that it shows the total losses as shown by the footing of the Losses column; that it shows the accounts in which the gains were made as shown by the titles opposite the figures in the Gains column; and the accounts in which the losses were sustained as shown by the titles opposite the figures in the Losses column. It also shows all your resources, the amount of your cash on hand, the value, of your merchandise in stock, the amount of your rent that is not yet used and the amounts that are due you from other people; and, in the last, or Liabilities column, above the addition line, the debts owed by the business and to whom or in what form each is owed, and below the line the total of these liabilities, then on the line marked *C. W. Burke's Present Worth* (the last item on the page except the footing) it shows the net amount that the business is worth to the proprietor.

**82. To Close the Ledger.** Place before you the balance sheet you have just completed, to be used as a guide in closing, then carefully follow the following instructions.

(a) Observe that the first item in the balance sheet that is extended into the column marked, *Losses and Gains*, is **Merchandise**. The Merchandise account in your ledger is therefore the first account to be closed. Observe further, that besides the amount of \$619.21 in the Gains column, Merchandise has an inventory of \$3,936.01 which is extended into the Resources column. Now turn to Merchandise in your ledger and write the inventory figures, in red ink, in the right hand column on the first blue line below the last posted figures, and insert the date<sup>2</sup> (taken from the top of the balance sheet) and the explanatory word, *Inventory*, exactly as it appears in Model Ledger No. 2, Sec. 85. Add this inventory to the penciled footing of the right hand column of Merchandise and take the difference between the sum and the penciled footing of the left hand column, entering the result in red ink in the left hand column on the first blue line below the last posted figures. You should be able to enter this result just as you subtract it, noticing that it agrees with the figures in the Gains column of the balance sheet, \$619.21. Next enter the page of the Losses and Gains account in the reference column, the explanatory word, *Gain* in the explanation column, and the date in the date column, as in Model Ledger No. 2, and before you lay down the red-ink pen, rule the account for closing, drawing both the single and double lines exactly as in the Model Ledger No. 2. Now take up your black pen and enter the footings of the two columns just above the double closing lines and below the addition line, obtaining these footings by adding the red-ink figures that you have just entered in the respective columns to the penciled figures just above them. The two footings must be equal as in the Model Ledger No. 2. Next, bring down in black ink on the opposite, or left side, of the account, on the first blue line below the closing lines, the inventory that now appears in red in the right hand column above. Enter also the date and the explanatory word *Inventory*. Lastly, take the item of gain, \$619.21 from the left side of Merchandise account and enter it in the Loss and

1. While it is perfectly proper in the Statement, as shown in 86, to show the proprietor's present worth in red ink, it would be entirely out of place in this balance sheet, where it would indicate a balance entry as in the Losses and Gains column instead of a real value, the net credit of an account, belonging on the side on which it is shown.

2. The month and day are all that is necessary when the year date stands at the head of the column, until the year changes, as would be the case when closing is made at the end of a year and the inventories and other balances are brought down under date of Jan. 1. When this is the case the year date should be repeated.



Gain account to which it is referred, on the opposite, or right side, of the account, in black ink, with the date, the explanatory word, *Merchandise*, and the page of the Merchandise account in the reference column. This finishes the closing of Merchandise. Compare it with the Model Ledger, No. 2, and if it does not agree in every particular go back over these instructions carefully and see if you can find wherein you have failed to follow them. Then make your corrections before proceeding.

(b) The next item in the Losses & Gains columns of your balance sheet is \$31.57 from **Merchandise Discounts**. Observe that it is a gain, and that there is no inventory. Turn to Merchandise Discount in your Ledger and enter the amount on the first blank line on the left (debit) side of the account, with the date, the explanatory word, *Gain*, and the page of the Loss & Gain account as a reference, all in red ink. Rule and foot the account; then transfer the gain to the credit side of the Loss & Gain account in black ink, under the gain of Merchandise, entering the date and reference number and the explanation, *Mdse. Disc'ts*. After making this transfer, compare with the Model Ledger, No. 2. Is there anything to bring down in the Mdse. Disc'ts account after ruling? Why or why not? Compare with (a) above.

(c) Turning again to the balance sheet as your guide, you will observe that the next item that is extended into the Losses & Gains columns is **Expense** and that this account has an inventory of \$36.00 and a loss of \$266.00. Enter the inventory in red ink in the credit column of the Expense account on the first blue line with date, explanation and reference as in Merchandise, but observe that, unlike Merchandise, there are, in expense, no other figures on the credit side of the account and that, after entering the inventory, the debit is still the larger. Enter the \$266.00 of loss in red ink, also on the right or credit side on the first line below the inventory, filling in the date, the word, *Loss*, as an explanation, and the page of the Loss & Gain account in the reference column. Rule and foot the account; then bring down the inventory on the opposite or left side of the account, below the closing lines, in black ink, as you did in closing Merchandise; and, lastly, take the item of loss to the opposite side (the debit) of the Loss & Gain account, where you will enter it on the upper line in black ink with the date, the word, *Expense*, as the explanation, and the page of the Expense account as a reference number.

(d) Turning again to your balance sheet, you will observe that the next item that is extended into the Losses & Gains columns is from the **Freight** account. You will also observe that there is no inventory and that the \$42.00 is a loss. Enter this loss item on the credit side of Freight account, on the first blank line, exactly as the preceding loss item was entered in the Expense account. Rule the account with the double lines only as there is but one item on either side. (See Model Ledger No. 2) and transfer the item of loss to the opposite side of the Loss & Gain account, entering it in black ink just below the Expense item with the date, the explanation, *Freight*, and the page of the Freight account as a reference. Observe that as there is no inventory in Freight there is nothing to bring down<sup>1</sup>.

(e) The next item extended into the Losses and Gains columns is a loss, \$87.50, from **Salaries** account. Observe that this account has a **liabilities inventory**. Enter the amount of the inventory, \$37.50, in red ink on the debit side of the Salaries account on the first blue line beneath the debit item of \$50.00 with date, explanation, and reference, as in the other entries of inventories, only on the opposite side. Then enter the \$87.50 of loss on the credit side, in red ink, exactly as the loss of Freight account was entered, and rule the account. Enter the footings, bring down the liability inventory on the credit side of Salaries account, entering the date and explanatory word, and take the loss to the Loss & Gain account entering it on the debit side, on the first line beneath the item of Freight, with the date, the explanatory word, "Salaries" and the page of the Salaries account as a reference number.

1. *Red Ink Entries* are always to be transferred somewhere after the closing lines are ruled and the footings entered; but no red ink amount is ever transferred to two places in the same ledger. If it goes to Loss and Gain it is not brought down and vice versa.

(f) The one remaining item in the Loss & Gain columns is **Interest and Discount**, \$7.74. The closing of this account will be so like the closing of Merchandise Discounts in (b), that the student should be able to close it without any additional instructions.

(g) **To close Loss & Gain account** when there is but a single proprietor. Observe, first, that the debits and credits of this account are now identical with those of the Loss & Gain column of the completed balance sheet (see 80); and that the difference between these columns (add them carefully in pencil as you would those of any other ledger account) is the same as the red ink line, *C. W. Burke's Net Gain* in the balance sheet. Enter this amount on the debit side of Loss & Gain account, in red ink, on the first blue line beneath the pencil figures, with the date, the explanatory phrase, *C. W. Burke, Prop.*, and the ledger page, *1*, (*C. W. Burke's account*) as a reference number; then rule, and enter the footings as in other accounts that you have closed. After ruling, transfer the red-ink amount, \$263.02, to the credit side of the proprietor's account on page 1, entering it on the next line below the investment, in black ink, with the date of closing, the explanation, *Net Gain*, and the page of the Loss & Gain account as a reference number. See Model Ledger, No. 2.

(h) **To Close the Proprietor's Account. 1st, In General.**—Add the columns of the account in pencil, including the item of gain (as it is in this case) or loss (as it might be in some cases), and on the debit or smaller side of the account, on the first vacant blue line, enter the difference between the two sides of the account in red ink, with the date, the explanation, *Present Worth*<sup>1</sup> or *Net Present Worth*<sup>2</sup> as the case may be; and after ruling and entering the footings, as in closing other accounts, bring down the red ink entry with its date and explanation to the opposite side of the account below the closing lines, in black ink. If the credit side should be the smaller, the red ink entry would be on that side and the explanation would be *Net Insolvency*<sup>3</sup>.

**2nd. Special.** To make special application of the preceding instructions to the closing at this time, there being no figures on the debit side of the account, it is only necessary for you to add the credit side in pencil and to write the sum in red ink on the debit side on the first blue line beneath the heading of the account, with the explanation, *Present Worth*. Then rule and enter the footings which will be the same as the present worth, and bring the present worth down beneath the rulings on the right hand side of the account in black ink, with the date and the explanation, *Present Worth*.

83. This finishes the real work of closing the ledger. The other accounts are closed "To" or "By balance," when closed, but when to close them and when to leave them open is determined by other principles some of which are as follows:

(a) **Bills Receivable** and **Bills Payable** are to be ruled and footed when they balance, except when that would cause too frequent ruling of the page to look well or to be of practical advantage. When the balance of the account represents a few notes scattered through a rather long account, it is well to rule and to bring the balance down, itemizing it in the red ink balance entry.

(b) **Personal Accounts** are kept both for the accommodation of customers who do not choose to pay cash, and for the information of the merchant who wishes to know from year to year the extent of his business with different firms. They are to be ruled when they balance, except as noted in (a) or when the total of the account for a definite length of time is an item of important information to the proprietor. The accounts of any house with its creditors and the accounts of wholesale houses with their customers, are accounts that should be permitted to run into totals of six months or a year, first, in order to compare the business done with them in one year with that of another year (see 70) and second, in order to know readily the amount of business a

1. *Present Worth* is the correct term in the present instance.

2. *Net Present Worth* is the correct phrase when there are debits also in the proprietor's account.

3. *Net Insolvency* is the correct phrase to describe the balance when the debit side of the account is the larger, for the proprietor is then insolvent.



## CAMPBELL'S ACTUAL ACCOUNTING

firm is getting from you, or giving to you when a question of concession in prices arises. In a Retail Business, when a credit system is followed and statements of the condition of personal accounts are regularly rendered every month, the personal account is usually closed and the balance brought down monthly when the statement is rendered. For the form of this statement, see 84, below.

84 (a)

**STATEMENT.**COLLEGE CITY, *Feb 28, 1911**Mrs. R. Cunningham*

IN ACCOUNT WITH

**Geo. W. CRADIT****GROCERIES AND DELICATESSEN.**

<i>Asperhill send'd</i>	<i>2533</i>		
" " " "	<i>1456</i>		
" " " "	<i>3475</i>	<i>74611</i>	

(b)

**Statement of Account.**College City, N. D., *Feb 28, 1911**Mrs. N. L. Bradley**Tashua*

In Account With

**Rankin-Travis Company**

Notes

<i>Asperhill send'd</i>	<i>5025</i>		
" " " "	<i>1235</i>		
" " " "	<i>2785</i>	<i>9145</i>	
<i>By Cash</i>	<i>25-</i>		
" " " "	<i>15-</i>	<i>40-</i>	
<i>Balance due</i>		<i>5145</i>	

Note. A single debit or credit item would be entered in the right-hand column only, unless as is sometimes the case, the bookkeeper attempts to keep the statements abreast with the postings. In this case items would always be entered in the left-hand column and might in some cases prove to be single items at the end of the month.

(c)

<i>C.W. Burke's</i> <i>Private Price List</i>	<i>Cost</i>	<i>Profit</i>	<i>Net S.P.</i>	<i>Catalog</i> <i>List P.</i>	<i>Trade</i> <i>Discount</i>
<b>Class B. Flour,</b>					
Pillsbury's Flour, brls.	5.00	5 %	5.25	6.00	less 12 1/2 %
1/8 brl. sks.	5.75	5 %	6.03 3/4	6.90	" "
1/4 " "	5.50	5 %	5.77 1/2	6.60	" "
<b>Class C. Sugar,</b>					
Gran. Sugar	4.50	10 %	4.95	5 65 5/7	" "
<b>Class D. Tea and Meats,</b>					
E. B. Tea	.33 1/3	20 %	.40	.50	" 20 %
Y. H. "	.25	"	.30	.37 1/2	" "
Uno. Jap. Tea	.33 1/3	"	.40	.50	" "
Gunpowder "	.27 1/2	"	.33	.41 1/4	" "
Star Sliced Bon	2.45	"	2.94	3.43	" 14 2/7 %
VB Corned Beef	1.70	"	2.04	2.38	" "
VB Roast Beef	1.70	"	2.04	2.38	" "
VB ChiliConCarne	.85	"	1.02	1.19	" "
VB Corned Beef Hash	1.65	"	1.98	2.31	" "
VB Chicken Loaf	1.80	"	2.16	2.52	" "
VB Roast Mutton	1.80	"	2.16	2.52	" "
VB Bnls. Pigs Feet	1.65	"	1.98	2.31	" "
Columbia Bologna	2.00	"	2.40	2 80	" "
Star Hams	.12 1/2	"	.15	.17 1/2	" "
Star Bacon Narrow	.22 1/2	"	.27	.31 1/2	" "
VB Sliced DBf Insides	.29	"	.34 4/5	.40 1/3	" "
<b>Class E. Fruits, etc.</b>					
S. C. Rice	.06	16 2/3 %	.07	.08	" "
Japan Rice	.03	"	.03 1/2	.04	" "
Apples, Rom. B.	2.40	"	2.80	3.20	" "
" Jennetings	3.00	"	3.50	4.00	" "
<b>Class F. Glassware,</b>					
Glass Tumblers	8.55	11 1/9 %	8 50	11.40	" 16 2/3 %
" " Bellshp	9 30	"	10.33 1/3	12.40	" "
Wines	13 50	"	15.00	18.00	" "
Saucer Champ.	20 25	"	22.50	27.00	" "
Hdd. Lemonades	32 40	"	36 00	43 20	" "

(d)

**Chester W. Burke**JOBBER IN GROCERIES AND GROCER'S SUNDRIES  
COLLEGE CITY Y. S.Messrs. McConnell & Company,  
Fairfax,  
Y. S.

Gentlemen:--

In accordance with your order of February 19, I have  
been pleased to forward to you by freight,--

100 brls. "Pillsbury's Best" Flour.  
50 " Roman Beauty Apples

I trust that the shipment will reach you promptly and  
in good condition. Enclosed herewith is shipping invoice  
covering the order.

I am not surprised that you like Pillsbury's. The demand  
that you find for it is quite universal among those that  
demand the best, and speaks well for both the taste and  
the judgment of your patrons.

Trusting that I may have the pleasure of serving you further  
in any way possible, I remain,

Very truly yours,



CWB-GG

February 21,  
1 9 . . .

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Note. The above is presented as an illustration of a form letter prepared to accompany an invoice. With the exception of the paragraph referring to Pillsbury's Flour (which is specially dictated) it is prepared by the stenographer "from the form" without any instructions from the proprietor.

85. Model Ledger No. 2.

*C. W. Burke, Proprietor* Page 1  
*College City, N. S.*

191-				191-			
Feb. 21	Present Worth	526302		Jan. 2	Investment	1	5000 -
				Feb. 21	Gain		26302
		526302					526302
				Feb. 22	Present Worth		526302

*Cash*

Page 2

191-				191-			
Jan. 2		1	5000 -	Jan. 2		1	150 -
7		2	1580 -	2		1	1500 -
15	\$1708. <sup>00</sup>	3	129308	10		2	1125 -
Feb. 10		5	150 -	10		2	94008
10		5	129953	10		2	2450 -
21		7	100 -	Feb. 1		4	150 -
21	\$9244. <sup>38</sup>	7	98021	1		4	50 -
				1		4	42 -
				1		4	2 -
				11		5	2875 -
				21		7	19435
				21	Cash in Bank		81839
					On Safe Cur. \$ 6.00 Bk. 100.00		106
			1040282				1040282
Feb. 22	Balance \$81839 106. <sup>00</sup>		92439				

*Merchandise*

Page 3

191-				191-			
Jan. 2		1	1500 -	Jan. 7		2	1580 -
2		1	1125 -	11		2	150 -
2		1	188016	11		3	256816
2		1	5375 -	26		4	64847
10		2	64518	Feb. 11		5	38675
Feb. 11	11464. <sup>38</sup> 8147. <sup>54</sup> 9316. <sup>80</sup>	5	195 -	11		6	71750
11		6	11744. <sup>50</sup>	11		6	21478
21	Gain	6	61921	21		7	186388
				21	Inventory		393601
			1208355				1208355
22	Inventory		393601				

*Merchandise Discount*

191-				191-			
Feb.	15	6	387	Jan.	10	2	50-
	21	7	2-	Feb.	21	6	57 <sup>44</sup> / <sub>100</sub>
	21	7	20-				
	21	6	2587				
			3157				
			57 <sup>44</sup> / <sub>100</sub>				57 <sup>44</sup> / <sub>100</sub>

*Expense*

Page 4

191-				191-			
Jan.	2	1	150-	Feb.	21		36-
Feb.	1	4	150-		21	6	266-
	1	4	382-				
			302-				302-
Feb.	22		36-				

*Freight*

191-				191-			
Feb.	1	4	42-	Feb.	21	6	42-

*Salaries*

Page 5

191-				191-			
Feb.	1	4	50-	Feb.	21	6	87 <sup>50</sup> / <sub>100</sub>
	21		37 <sup>50</sup> / <sub>100</sub>				
			87 <sup>50</sup> / <sub>100</sub>				87 <sup>50</sup> / <sub>100</sub>
				Feb.	22		37 <sup>50</sup> / <sub>100</sub>

*Interest & Discount*

191-				191-			
Feb.	21	6	77 <sup>4</sup> / <sub>100</sub>	Feb.	10	5	64 <sup>5</sup> / <sub>100</sub>
					21	6	64 <sup>5</sup> / <sub>100</sub>
					21	7	65
			77 <sup>4</sup> / <sub>100</sub>				77 <sup>4</sup> / <sub>100</sub>

## Loss &amp; Gain

Page 6

191-				191-					
Feb.	21	Expense	44	266 -	Feb.	21	Adse.	3	619 21
	21	Freight	21	42 -		21	Adse. Dis.	3	31 57
	21	Salaries	5	87 50		21	Int. & Dis.	5	658 74
	21	C. W. Burke	1	268 02					658 52
				658 52					658 52

## Bills Receivable

Page 8

191-				191-					
Jan.	15	1, J. C. D. & Co., 1-11, 30d	3	1293 08	Feb.	10	J. C. D. & Co. Pd	5	1293 08
Feb.	1	2, M. C. & Co., Apr. 30d	4	648 47		21	Transd. to K. Co	6	382 88
	15	3, A & A. 2-11, 30d	6	382 88					

## Bills Payable

191-				191-					
Feb.	21	Discounted	7	195 -	Jan.	10	1, A. P. Co. 1-10, 60d.	2	940 08
					Feb.	11	2, H. M. & Co. 2-11, 30d	5	195 -
						21	3, K. Co. 2-21, 30d	6	353 04

## Park Grocery Co. Beaconfield, N. Y.

Page 9

191-				191-					
Jan.	11	S. 1 - 30d	2	150 -	Feb.	10	Light draft	5	150 -

## J. C. Dowell &amp; Co. Morgan Hill, N. Y.

191-				191-					
Jan.	11	S. 2, 1/2 C. 1/2 N. 30d.	3	2586 16	Jan.	15	7 30d, \$129.00. Bal. C.	3	2586 16

## McConnell &amp; Co. Fairfax, N. Y.

191-				191-					
Jan.	26	S. 3. 30d. Ac.	4	648 47	Feb.	1	Accepted draft	4	648 47
Feb.	20	S. 5. 60d. 2 1/2 C. 1/2 N.	6	717 50					

Page 10

*Anderson & Anderson, Albion, N.Y.*

191-					191-				
Feb.	11	L. 4. 30. d.	5	✓ 38675	Feb.	15	N. 39d. <sup>\$382.55</sup> Dis. \$3.50	6	✓ 38675
	21	" 7. Part C. Bal 39d.	6	186388		21	C. \$980.21 Dis. \$20.00	7	100021

*F. N. Burns Girard, N.Y.*

191-					191-				
Feb.	15	L. 6. 60d.	6	21478	Feb.	21	C. \$100.00 Dis \$2.00	7	120-

*Armour & Company Chicago*

191-					191-				
Jan.	10	N. 60d. \$940.98	2	✓ 188016	Jan.	2	2-A. 1/2 L. 1/2 N. 60d.	1	✓ 188016

Page 11

*Lillsbury Flour Mills Co. Minneapolis*

191-					191-				
Jan.	10		2	1125-	Jan.	2	Inv. 1-P. C. 1-10	1	1125-
	10	C. \$2450.00, Dis. \$50.00	2	2500-		2	" 3-P. 60d. 3/4a C.	1	5375-
	21	Ed. dr. Inv. 3-P.	5	2875-					

*The Keystone Company Chicago*

191-					191-				
Feb.	21	<sup>\$382.55</sup> <sup>\$353.00</sup> <sup>\$80.00</sup> A. & Q. N. B. Pay. Dis.	6	✓ 744-	Jan.	10	Inv. 4-K. Net 60d.	2	64518
					Feb.	15	" 6-K. 60d. 3/10 C. 1/10 N.	6	✓ 744-

Page 12

*N. M. Goble College Center*

191-					191-				
Feb.	11		5	✓ 195-	Feb.	11		5	✓ 195-

## CAMPBELL'S ACTUAL ACCOUNTING

86. Immediately after closing your ledger, you will take a trial balance to prove that the closing has been done correctly and that all balances have been brought down properly on the right side of each account. You will then make out on loose sheets of journal paper a statement of the Condition of C. W. Burke's Business, February 21, 19

----- Trial Balance, Face of Ledger. -----			
1 C. W. Burke, Proprietor		5000	00
2 Cash	924 39		
3 Merchandise (Inventory \$3936.01)	11464 34	8147	54
3 Merchandise Discount	25 87	57	44
4 Expense (Inventory \$36.00)	302 00		
4 Freight	42 00		
5 Salaries, (Liabilities Inventory, \$37.50)	50 00		
5 Interest & Discount		7	74
8 Bills Receivable	2324 43	1675	96
8 Bills Payable	195 00	1488	12
9 McConnell & Company	1365 97	648	47
10 Anderson & Anderson	2250 63	1386	96
10 F. H. Burns,	214 78	102	00
11 The Keystone Company	744 00	1389	18
	19903 41	19903	41
----- Resources & Liabilities -----			
----- Resources -----			
Cash	924 39		
Merchandise, per inventory	3936 01		
Expense, per inventory	36 00		
Bills Receivable <sup>1</sup> , McConnell & Co. Accept. 2-1, 30d	648 47		
McConnell & Company	717 50		
Anderson & Anderson	863 67		
F. H. Burns	112 78		
Total Assets		7238	82
----- Liabilities -----			
Salaries, (Earned but not charged, Lia. Inv.)	37 50		
Bills Payable, The Keystone Company, 2-21 <sup>1</sup> , 30d. 353.04			
Armour Packing Co. 1-10, 60d. 940.08	1293 12		
The Keystone Company	645 18		
Total Liabilities		1975	80
Net Resources, C. W. Burke's Present Worth <sup>3</sup>		5263	02
----- Losses & Gains -----			
-- Gains --			
Merchandise Sales	\$8147.54		
Merchandise Cost, total \$11464.34			
Deduct Goods on Hand, (Inventory) 3936.01 <sup>2</sup>			
Gives Cost of Goods Sold	7528.33		
Subtracting from Sales gives Mdse. Gain	619 21		
Merchandise Discount, On Invoices Bo't	\$57.44		
Allowed on Sales	25.87		
Net Gain in Mdse. Discounts	31 57		
Interest & Discount, Int. Col. on notes	7 74		
Total Gains		658	52
-- Losses --			
Expense, Total debit	\$302.00		
Inventory deducted	36.00		
Net loss in Expense	266 00		
Freight, On incoming invoices	42 00		
Salaries, Ledger debit	\$50.00		
Earned but not charged (Lia. Inv.)	37.50		
Total loss in Salaries	87 50		
Total Losses		395	50
C. W. Burke's Net Gain, <sup>3</sup>		263	02
----- Disposition of Net Gain -----			
C. W. Burke's Capital on commencing	5000 00		
Net Gain as above	263 02		
C. W. Burke's Present Worth		5263	02

ment of the condition of Mr. Burke's business suitable to submit to Mr. Foley the incoming partner in form as shown on page 82.

87. All work having been completed as instructed, you are almost ready to submit the books of C. W. Burke's business to your teacher for final approval. Carefully remove all check marks, finger marks or other blemishes, leaving only your entries, postings and pencil footings, and place your books all closed (not open as per previous instructions) on your teacher's desk accompanied by answers to the following:

88. **Questions to Test Your Knowledge.** Copy each question and follow it with your answer, being careful of your penmanship and English.

1. What is it to buy goods "on account."
2. What is the signification of *January 10, dating*, on invoices 1-P and 2-A?
3. What is it to endorse a check, note or draft?
4. What is the form of endorsement placed by Mr. Burke on his checks in 17 (c) called? See Modern Business Law, page 83. What other forms of indorsement are in common use in the transfer of business paper?
5. How do business houses keep a record of the business secured by their traveling men? 23 (c) foot note.
6. Is there ever any advantage in having checks printed to read, *or bearer*, instead of, *or order*? Why?
7. Where should the year date appear in every ledger account?
8. In posting, what is the importance of checking the Journal entry? What is the advantage of using the page of the Ledger as a check mark? When should the Journal be checked, before the item is posted or after and why?
9. Why should the cash balance be found before taking a trial balance?
10. What is the advantage of proving Bills Receivable and Bills Payable also before taking a trial balance? Is there any other account or accounts that might be proven to advantage before taking the trial balance? 76 (c).
11. What record is made in your pass book when you discount a note at the bank? What if you leave it for collection?
12. How did Mr. Burke give you authority to sign his name to checks? In order that your authority to sign his name to notes and other business paper might not be questioned, what additional evidence of authority did he give you? How do you in signing papers indicate that you hold such authority?
13. Which should be filled out first, the check or the stub? Why?
14. If cartage be charged to customers for delivery of goods to depot or express office should it be debited to the same account as cartage on incoming goods? Why or why not?
15. Distinguish between interest receivable and interest payable. May these both be kept in the same account?
16. Distinguish between Interest & Discount as an account and Merchandise Discount.
17. What is trade discount?
18. What is said as to the propriety and importance of giving references when asking for business credit?

---

**Footnotes to Statement on Opposite Page.**

1. In case the list of notes receivable or payable or both should be large it would be best to refer to a schedule in which they are listed, rather than to enter a large list in the statement. See inventories in Merchandise, Expense and Salaries.

2. The student should observe that in closing Merchandise the inventory was added to the sales (credit) instead of being subtracted from the cost (debit). This is a bookkeeper's way of subtracting and while it produces the same result it is not as clear to persons who are not bookkeepers as the form in 86.

3. The student should observe that red ink is used in this statement in the lines showing the proprietor's present worth, although it was not permitted in the balance sheet. It is here used for emphasis and prominence there being no chance in a statement of this kind to mistake the red ink for that used in the usual balance entry as in the Losses and Gains columns of the balance sheet.



19. Where should the endorsement of a check or note be written?
20. When should personal accounts be closed?
21. Why not enter the proprietor's present worth in the Liabilities column of the balance sheet in red ink? Why is red ink used in the statement in 86, in recording the proprietor's present worth, if not permissible in the balance sheet?
22. When an inventory amount is arbitrarily entered on the debit or credit of an account, how is the balance of the books preserved? 79 (f).
23. What is the signification of the check marks placed against the prices in Invoice 5-G Sec. 57? What, the signification of those placed against the figures in the quantity column? What, the signification of the check marks following the extensions? after the total? after the discount? after the net amount of the invoice?
24. On which side is the balance of Cash account? On which side is the red ink balance entry? Where is this balance entry transferred after the account is ruled? On which side is the red ink entry of inventory found in the Merchandise account? Where is it transferred after the account is ruled? On which side is the red ink entry of gain in Merchandise found? Where is it transferred after ruling the account?
25. So far as you have been instructed, is a red ink entry ever transferred to two places in the same ledger? Is it ever left in the account without being transferred some place?
89. **Final Report.** Take from your Prepared Blanks, Form 38, and fill it out carefully. When it is complete, copy it carefully in the form below and place on the teacher's desk all the books used in this practice, with your answers to the preceding questions, your text book, and your copy of the following:

## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of letters written.....

No. of Invoices bo't of wholesale houses.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe .....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

.....191.....

## TEACHER'S MARKING

Accuracy.....	3	.....	.....
Neatness .....	2	.....	.....
Orderliness.....	2	.....	.....
Records .....	2	.....	.....
Progress.. ..	1	.....	.....
Average.....	.....	.....	.....

## BUSINESS TRANSACTIONS

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### OUTLINE I.

#### 90. Introductory Information.

**To the student.** You are about to begin practice in actual bookkeeping and accounting. While the practice you have just completed has not been exhaustive, yet it has been extensive enough for the immediate needs of the business you will be required to do and further instructions will be given you later. In a smaller way you are now exactly in the situation of a majority of business college graduates when entering upon their first business positions. The practice you have just completed will correspond to your business college instruction, and the actual business that is just before you will correspond to the work in an outside position with just these exceptions in your favor, namely that you will not be hurried to do work any faster than you can do it and do it right and that you will have in your teacher, one to whom you can go for assistance in your difficulties, rather than an employer to whom you would fear to confess your troubles.

One principal point you should fix in your mind at once; this lesson should mark for you **the dividing line between school boy and business man**. You may have done the work of the preceding practice as a school boy, but you must do the rest of your work as a business man if you expect to enter business successfully on the completion of the course.

1. **Realize that you are making, right here in this school room, your first business record.** When you go out to a position, if you apply through an employment agency, you will be required to name as references some persons who know you of whom the agency may make inquiry, not alone as to your ability as an accountant, but as to your general habits and character. Or, if you have secured a situation that brings you into a position of financial responsibility, you will apply to some bonding, or fidelity insurance company to go on your bond. Again you will have to name references. The questions that will be asked of your references will be very searching. We present on a following page such a set of questions with the accompanying letter just as it is sent out by the American Bonding Company of Baltimore. You would do well to make a copy of it and then fill in the blanks with honest answers, and see whether or not it is just such a letter as you would like to have written about you, and whether or not you think it would secure you a position, or recommend you to a bonding company. If any of your habits are such that you would not want them reported in such a set of questions and answers, better change them. **A good character is an invaluable business asset.** Naturally your teacher or business college proprietor will be one of the references on whose favorable opinion you will rely for a position. Do not expect anything of either of them but strict justice in answer to such questions as are asked by the American Bonding Company and be careful to make, while you are here in school, a record to which you will be proud to point through all your future life.

(a) **Always remain steadily at your desk** busily engaged in your work until the signal for dismissal or a call for a class. The young man who forms a habit of getting his desk in order and then standing with "his hand on his hat and his eye on the clock" waiting for the moment, when he may go, will never retain a place if he should secure one, and will not be recommended for a position so long as there are others with more industrious habits wanting places.

(b) **Communication with other students.** During that part of the day devoted to business practice you will be expected to conduct yourself in an orderly, business-like manner, being always at your desk ready for the transaction of any business that may be presented, except when you are necessarily absent for the transaction of business at the office or at the desk of another student.

**It is out of order during business hours:**

For more than two students to be talking together at one time;

For students to talk on any subject foreign to their business; or to talk on business except when one of them is at his own desk;

To talk business at any time in a tone loud enough to attract the attention of any person except the one to whom the conversation is addressed;

Or for any student to attempt to communicate farther than the adjacent desk, except by going to the desk of the student with whom the business is to be done.

(c) **Disorder.** It is out of order at any time in the Commercial Room whether before the session opens or after it closes, or during any part of the noon intermission, for any one to engage in loud talking or laughing, or any exercise that would tend to disturb any one who may be posting books or preparing a lesson. In short, you are a business man in business and it is expected that you will conduct yourself in a business-like manner, pushing your business in business hours and posting or closing books out of business hours, whenever you can.

(d) **General Behavior. Habits.** In the halls or on the street, you are expected to conduct yourself as a gentleman or lady, not only that you may reflect credit upon yourself and your school; but also that your actions may not interfere with your securing a position when one is offered<sup>1</sup>.

(e) **Honesty.** This is absolutely essential to business success and in this again you will be judged by your record in the school room. Be as strictly honest in your business transactions here, as you expect to be in real life, and be strictly honest with yourself and your teacher in the matter of your studies and recitation. No student ever wrongs himself so much as the one who attempts to cheat his way through school. In many cases such dishonesty is purely thoughtless or is provoked by unwarranted suspicion on the part of teachers; but in most cases it is the natural outgrowth of a dishonest nature that cannot be trusted unless it be reformed. It is the principle of this school to rely upon every student's honor and to trust each as a gentleman or lady; and it is our conviction that a student who will betray this confidence cannot be trusted in the business world, and is not worthy to receive the diploma of any college.

2. **When you change from one position to another** in business life, your record made in your first position will follow you; **therefore**, when you get into a position, any position, be sure that you "make good." Do not imagine that you are doing more work than you are being paid for, or slight your work, thinking, "I am doing all I am paid for anyhow." One who does that never gets an advance of salary, and if dull times requires a reduction of the force, is dropped, rather than the one who is always giving his employer his best and most effective services during the hours or service regardless of the amount of his salary. Make it a point to give so good service that you will never leave a position except of your own motion to go to a better one; and **never take the matter of collecting your salary into your own hands unless it is a case that justifies you in taking legal action.** Many a young man working on a commission, having a dispute with his employer over commissions, has retained money that he should have turned in, and while the employer may not have had a case that would justify him in prosecuting, or some other business reason may have prevented his taking legal action, the young man has clouded his record. He cannot avoid giving that employer as a reference, for he is required to account for all his time since he entered on employment, and if the employer was unjust in settlement he will not hesitate to represent the affair from his own standpoint when questioned by an agency. Following is a copy of the letter sent out to applicant's references, followed by a set of questions such as are asked of one's former employers when a question of reliability arises.

1. A business man in Rochester, N. Y., applied to the Rochester Business University for a bookkeeper, and a young man who had completed the course creditably was recommended. "I don't want him," was the reply, "I see him sitting around the Commercial Hotel entrance every time I come down town." The young man perhaps had "nothing else to do," but had he been spending his time in work at home, or in the public library and reading room, he would have secured the place that offered.

(a)

# American Bonding Company of Baltimore,

## GENERAL SURETY AND BONDING BUSINESS.

Baltimore, .....191.....

Dear Sirs:

Mr. .... of ..... aged ..... years, has applied to this Company for its surety upon his bond for ..... as ..... in the employ of ..... (character of business) ..... at ..... and has referred us to you for information regarding his personal standing, business record, etc.

Will you kindly send us an early reply to the questions within submitted, for the confidential information of the employer and this Company, that prompt consideration may be given to this application.

Respectfully yours,

To Mr. ....

**American Bonding Company of Baltimore.**

QUESTIONS	ANSWERS
1. a. How long have you known the applicant? }	a. ....
b. What is your relationship, if any, to applicant? }	b. ....
2. Have you had recent opportunities of observing the applicant's personal conduct, habits, etc.?	.....
3. What is the character of the applicant's home and domestic surroundings?	.....
4. By whom has applicant been employed during your acquaintance?	.....
5. Has he ever been dismissed from any situation or engagement, and if so, under what circumstances?	.....
6. Have you ever known or heard of his having been addicted to	Gambling, Betting? ..... Speculation? ..... Unfavorable Associates? ..... Excessive Use of any Liquor, Drug or Opiate? .....
7. Do you regard him as generally economical and living within his means?	.....
8. Have you ever known or heard of any personal or business transaction, in which the applicant could be charged with dishonorable conduct?	.....
9. a. Has he ever been in business on his own account? }	a. ....
b. Has he at any time been bankrupt or made an assignment? }	b. ....
c. If so, please give particulars, when and where? }	c. ....
10. Are you aware of his being at present under any excessive debts or liabilities whatever?	.....
11. Has he been prompt in paying ordinary debts?	.....
12. What is the nature and value of the applicant's private property? }	a. ....
b. Is it, to your knowledge, encumbered in any way? }	b. ....
13. a. Are you aware if he has income apart from the earnings of this position? }	a. ....
b. If so, please state approximate amount and sources? }	b. ....
14. From your acquaintance with him and his antecedents do you regard him as entirely trustworthy?	.....
15. Do you consider him competent and capable of filling the position referred to?	.....
16. Are you aware of any circumstances affecting the surroundings of the applicant's position or employment, under the Bond now applied for, which in your estimation, would render a risk as his surety in any way undesirable?	.....

Signature of Reference .....

Occupation .....

Dated .....

If your knowledge of the applicant does not admit of your answering the above questions, will you kindly give the names and addresses of parties who may be able to give such information, or make such general remarks as you choose on the other side.

## Extract From Letter to Former Employers:

Dear Sir:

As we depend largely upon an applicant's record with his **Former Employers**, for an estimate of his present worthiness of guarantee, we would thank you for replies to the questions asked, assuring you that any information given us **will be treated as strictly confidential**, and will be used by us solely in judging the risk.

Very respectfully yours,

American Bonding Company of Baltimore.

## QUESTIONS.

1. (a.) When did the applicant leave your service?
- (b.) How long had he been with you?
- (c.) What position did he occupy in your service?
2. (a.) Did his duties embrace the handling or custody of cash?
- (b.) Did he always make prompt and correct settlement of such handling?
3. (a.) Was he required to keep accounts?
- (b.) Was he careful and accurate in the discharge of his duty?
4. Were his habits good while in your employ?
5. For what reason did he leave your service?
6. (a.) Was he in debt to you at the time he left your service?
- (b.) If so, give particulars of such indebtedness, and state whether it has been liquidated?
7. Judging from your knowledge of him, do you consider him a proper person to guarantee against **dishonesty**?
8. If you would suggest further inquiry along this line, will you kindly give names and addresses of parties to whom you would refer us?

3. **Plan of School Room Business.**—A few words of explanation as to the customs of the business community, of which as a student in this school you have now become a part, will be in place before you attempt to begin your business.

While we cannot in a school have that large body of consumers that makes and maintains commerce, we can plan a circulation of goods that will reproduce very nearly the conditions of business and afford training in **bookkeeping, commercial law, commercial correspondence, commercial discounts, commercial paper**, and that wide field of commercial practice generally described as **commercial customs**.

To state this plan briefly, you will purchase your principal or wholesale stock of goods from the manufacturers' and importers' agents at College Center, Y. S.,\* your own place of business being known as College City. These goods you will sell in smaller quantities to a list of customers furnished by your teacher. As these customers are students engaged in business as you are, they also buy at College Center and sell to student customers, and your name will be on the list of customers furnished to some of them. While the entire matter of the ordering of merchandise from the College Center houses will be in your charge that you may have practice in the business correspondence that it affords, **you will not have** the ordering of goods from the students with whom you are listed as a customer, but your teacher acting as **purchasing agent for your firm** will place these orders for you and you will from time to time receive invoices for entry, of which you have had no previous knowledge, which are **the exact conditions** under which most accountants labor. You will accept these bills as they come in without question, except that you have a right to require the seller to show the order signed by your purchasing agent, if you have any doubt of its existence, and you will proceed to check up the invoices and enter as in the case of bills which you ordered personally.


Purchasing the goods thus from different sources on two different bases of price forms a basis for the classifications of your goods into two departments the merchandise of which you will keep entirely separate. The goods ordered by you from College Center, you will keep in an envelope marked **Wholesale Stock or Department A Goods** and from them you will make your sales to student customers; the goods bought from student jobbers through your purchasing agent, you will keep in an envelope marked **Department E**, and these goods you will sell to the Townsite & Trading Company on terms to be stated later.

\*Y. S. An abbreviation representing the words, "Your State." The student may use these initials to represent the State or he may use initials of the State in which he is doing business.

4. **Careful Work.**—This course does not consist in sets to be worked out like problems in the grammar school, but in business habits to be acquired. The first of these is **Accuracy**, absolute accuracy; the second, **Neatness**; the third, **Orderliness** (in and about your desk); the fourth, **Records** and the fifth, **Progress**. Accuracy and Neatness need not be explained. The former will count three points and the latter two out of ten in every grade. Orderliness and Records will count two points each. Orderliness signifies having a place for everything and everything in its place, and Records includes the proper memoranda as to where everything is. Proper explanation of the entry of every transaction, the insertion of the reference numbers when posting, proper records in the Bill Book, proper references to the filing cases for papers filed, and many such memoranda that you will learn about later are included in the grade of your work on this point and are very important items in the making of an accountant. Progress counts only one point in ten and does not have much influence in the making up of your grade, if you are only diligent. Speedy work is very desirable, but it is the **last point** to be sought in your education. See that your work is **perfect** in Accuracy, as nearly perfect as possible in point of Neatness, **perfect** in all the points included under Orderliness and Records, and then just as speedy as you can make it. Failure in the first four points will send you back over the work of the Outline or necessitate supplementary work that will more than overbalance any gain you may think to make by undue haste.

91. **The First Day's Work.**—

1. **To Obtain your Capital**, turn to your book of "Drafts" and fill out the first blank draft and stub exactly as in the following form, signing your own name in place of the words, "Drawer's Signature."

	College City, Y. S., <u>Sept 7</u> 19__ No <u>78</u>	
	<u>At sight</u>	Pay to the Order of
	<u>Myself</u>	\$ <u>5000.00</u>
	<u>Five thousand and no/100</u>	Dollars
	College Currency. Value Received and Charge to Account of	
To <u>College Investment Co.</u>		
<u>College City, Y. S.</u>	<u>Drawer's signature</u>	

Your drawing this draft implies that the College Investment Company owes you money or that you have made arrangements to obtain money from them for the purposes of your investment in business. The fact is, that your teacher has made arrangements to have this amount placed to your credit on the company's books and he will accept this draft as president of the company. Present it to your teacher for his acceptance, then make entry as follows, at the top of the first page of your journal after writing your city, state and the date<sup>1</sup> on the light blue line above the headline. See 13, or Gilbert's Twenty Lessons<sup>2</sup> 266 and 277. For form of draft see 57 (6).

1. The student will use the date of the day on which he makes this opening entry. Real transactions and real dates in your actual accounting instead of supposed dates and illustrative transactions, as in Mr. Burke's business, are in order now.

2. As far as possible in the actual practice of this text there will be duplicate references to Gilbert's Twenty Lessons in Bookkeeping, as well as the sections of this text. References to Gilbert's Twenty Lessons will hereafter be designated by the initial letter G., followed by the paragraph number in light face type. References to this text will continue to be by bold face section numbers as heretofore.



When your draft has been accepted by the drawee, that is, by the person on whom it is drawn—in this case the College Investment Co., it becomes **cash** to you. All sight drafts in your favor, whether drawn by yourself or some one else, are counted cash, because they are to be paid in cash on presentation. Instead of paying this draft in money or by a check, your teacher will accept it "payable at the College Bank," an expression not unusual in accepting drafts, and which has the effect of making the draft an order on the bank, equivalent to a check. Observe that this is the only form of acceptance that can be permitted on a sight draft.

*College City, Y. S. Sept. 7, 191-*

*I (Your name here) have this day  
rented store room No — on — St.  
College City, Y. S. from the College  
Real Estate Co. at a monthly rent-  
al of \$80.00, engaging in business  
as a jobber in Groceries and Grocer's  
Sundries and investing cash \$5000.00  
as entered below*

*Cash*

*(Your name here)*

5000 —

5000 —

2. (a) Deposit the draft drawn and accepted according to above instructions, first endorsing it on the back by writing your name across the left end. (See 17 and 61, Footnote 2, or G. 352.) Observe that you must write your name exactly as it appears on the face of the draft. See your signature. If someone else had drawn the draft in your favor, your name would have appeared in place of the word, *Myself*. Before going to the bank, prepare your deposit ticket as instructed in 18 or G. 315. Copy the items of this deposit ticket on the fly leaf (or back of check stub) opposite the first check and enter the amount in the money column as shown in 66 (a) and (b). Submit your check book and deposit book to your teacher for approval.<sup>1</sup> When work is approved ask your teacher to give you a business introduction at the bank.<sup>2</sup>

#### CHANGE WANTED

No. of Pieces	Denomination	Amt.
1	\$100	100 00
5	50	250 00
12	2	24 00
10	1	10 00
9	25¢	2 25
11	10¢	1 10
		<hr/> \$387 35

(b.) Draw a check in favor of *Cash* for \$387.35 preparatory to drawing the cash from the bank. See section 52, (b). Then endorse your check with your firm name across the back about one inch from the left end and present it to the cashier of the bank with a memoranda of change wanted exactly like the memoranda in the margin which you will copy on a blank ticket. Make no entry for this transaction. Why not? This money is for the payment of freight and other "expense bills." Place it in your Cash drawer.

3. Pay your store rent for one month in advance, drawing your check in favor of the College Real Estate Company, for the amount indicated as the monthly rental in the explanatory part of your opening entry, and filling your check stub as in the form following, except that your signature will take the place of T. H. E. Student.

1. Approval. All papers of any kind prepared by the student to be used in any way in the commercial room must bear the teacher's "vise" or stamp of approval before being circulated. No unstamped paper will be held valid. This is essential to enable the teacher to see all papers that are made out that he may guide the student in matters of form and neatness.

2. No bank of any standing will accept a stranger. He must be vouched for as a depositor, by someone known to the bank.



BALANCE BROUGHT FORWARD		\$	College City, N. S. <u>Sept. 7, 1911</u> No. <u>1</u>
Deposited	19		<b>The College Bank</b>
Ck No	Drawn	19	Pay to the order of <u>College Real Estate Co</u> \$ <u>125<sup>00</sup>/<sub>100</sub></u>
In favor of			<u>One hundred twenty-five</u> Dollars
For			In College Currency
Amount of Bill, or Payment to be made	\$		<u>T. H. Student</u>
Discount	%	\$	
	Amount of Check		
	Balance		

Then make entry as follows, omitting two<sup>1</sup> lines between the opening entry and this. (See footnote.)

Expense	125-	
Cash		125-
Paid rent of store		
one month in advance		

(a) Take a receipt for your payment of rent. When payment of any bill is made by a check, a receipt is usually considered unnecessary as the check when returned after payment by the bank is itself a voucher. In the case of rent, however, it is well to form the habit of taking a receipt since the failure to do so in a single instance in which the payment may be made in money might cost you an extra month's rent. If your teacher acts for the Real Estate Company in receiving payment for rent, prepare a receipt for his signature, taking the blank from the back of your receipt blanks. This is to save the teacher's time. If the payment be made to a Real Estate Office, the student in charge of the office will write out the receipt. In preparing a receipt for your teacher to sign, you do not fill the stub. Why? Why take the blank from the back of your receipt blanks? If you cannot answer these questions consult your teacher.

4. Orders from Wholesale Houses and Manufacturers.—Your next act of a business nature will be to place three orders for merchandise, one with the Quaker Oats Company one with the Van Camp Packing Company, and the third with the American Biscuit Company. All of these companies, and others with which you will have business relations later, have a number of offices over the country. You will order from the point nearest you, which for college purposes is known as College Center, just as your own place is called College City.

(a) In preparing these orders, refer to your confidential price list, addressing each order as directed therein and ordering from one to five times the number of packages indicated as the selling lot, **EXCEPT** that the total quantity ordered must not exceed the number of packages indicated as the limit<sup>2</sup> in the respective price lists.

(b) While you will, hereafter, be left to your own will as to what to order, with only the above restrictions, in these first orders, for the purpose of illustration, both in the matter of preparing orders, and in the method of proving accuracy, the items will be definitely specified. You

1. Omitting two lines between entries is considered the quickest, neatest, and most business-like separation. When the date changes, the figure of the new day is written in the center of the second of these lines. While the date remains the same, these lines are left entirely blank. The full instructions given for this entry in 3 above is not needed by the student who has faithfully worked the preceding eighty-nine sections of introductory practice, but will doubtless be of advantage to students who may be changing from other texts to this one at this point.

2. Limit. A school regulation. There is ordinarily no limit to the size of an order in business.

will, therefore, make out orders as follows, the duplicate order sheets in your Order Book enabling you to preserve a copy of your order.

Order No. 1 College City Sept. 7, 19    

Ordered of Quaker Oats Co.  
College Center, N. S.

By (Your name here)

Terms 60d., Dis for cash Street Address 430 College Ave.  
Ship via C. E. R. R.

10	bbls	Quaker Patent Flour							
24	cases	" Whole Wheat Flour							
18	"	" Luffed Wheat							
10	"	" Rolled Oats							

Note. Observe that the first item of the order is for five times the selling lot, the second for four times the selling lot, the third for three times, and the fourth again for five times, making a total order of forty-seven packages, which is well within the "limit," which in this case is fifty-eight packages.

Fill out order blanks similar to the preceding for each of the following lists of merchandise:

Order No. 2. From the Van Camp Packing Company,—15 cases No. 2 Pork and Beans, T. S., 40 cases Assorted Soups, 100 cases Bordeaux Catsup, 60 cases No. 3 Extra Tomatoes; 100 cases Family Size Milk.

Order No. 3. From the American Biscuit Company,—20 bxs. A. B. C. Soda Crackers; 20 bxs. A. B. C. Oyster Crackers; 30 cartons Nobetter Biscuits; 30 cartons Ambis Sugar Wafers.

(c) **Correspondence**<sup>1</sup>...With each of these orders, you will write a neat, carefully prepared letter, in which you will state that, being about to engage in business for yourself in College City, you are referred to them by C. W. Burke of the same place, by whom you have been formerly employed and to whom you are pleased to refer for your financial integrity. See letter in 60 (b) also footnote 2. State that you wish to buy goods from them on 60<sup>2</sup> days, with the usual cash discounts for earlier payment, and that, confident that your reliability will bear investigation, you are enclosing an order for merchandise, which you hope they will be able to ship you at an early date. Work this letter out first on scratch paper, then copy it neatly on your correspondence paper, making a duplicate copy for your teacher's files.

(d) As soon as you have one of these letters ready for mailing, infold with it your order ready to be placed in the envelope, and submit both to your teacher, with an addressed envelope to be vised<sup>3</sup>. Then forward it to the company's address at College Center in order that these goods may be coming while you are preparing the other orders.

1. Correspondence. The student cannot be too careful in the preparation of these business letters. The actual business transacted invests the letter with a reality that the prescribed letters of a text on correspondence can only imitate, and the student has, in the writing of these letters, an opportunity for practice that is invaluable.

2. In counting time in the school room, except in settling accounts with the T. & T. Co., divide the quoted time by 10 to find the real time. Thus thirty days signifies three days; sixty days, 6 days, etc.; but after the maturity of a note or invoice the time that elapses when payment is delayed should be counted naturally and not multiplied by 10. In settling accounts with the T. & T. Co., natural time will be calculated, except in calculating the maturity of notes and acceptances which will follow the rule.

3. Vised means seen. When used as the word on a teacher's stamp of approval, it signifies merely that he has seen the paper and permitted it to be used in the commercial room by the student who prepared it, subject to any restrictions or criticisms that he may have made orally. It does not authorize any other student to copy it as a correct form.

In writing the other two letters, vary the style and wording as much as you can without making any material difference in the contents of the three letters. Try to say the same thing in different words. All of your first letters to business firms ordering goods and asking for credit will be similar to the one outlined in (c) above, but they should not be copies of each other. Make each as much better than the preceding as you can, remembering that it is not getting over the ground, but **doing well everything that you do** that will qualify you for a future position. When these other letters are prepared, submit them also, with their infolded orders, to your teacher to be vised. Prepare also a duplicate copy for the teacher's files. If you use a typewriter, a carbon copy is the correct thing, otherwise a neatly written copy is the best. Your teacher will then have it at hand for criticising and marking, and will keep it as a part of **Your Exhibit of work done**. Let it be well done. If any of your goods have arrived, you will now proceed as in 5, below. If goods have not yet arrived, the greater part of the work of 6 can be done while they are coming.

5. **When Goods Arrive**, whether ordered by you or by your purchasing agent, as explained in 90, 3, Introductory Information,—

**First, Compare the Quantities** listed on the invoice with the tickets representing the goods and see that you have received the goods as billed, checking each item in the left hand margin and affixing "O. K." and your initials as done by D. A. C. in the left hand margin of the invoice in 57. This should be done as soon as the goods arrive in order that claims for loss or damage may be made at once. In this you are doing the work of a receiving clerk.

**Second, Compare the Prices** and discounts of the invoice with those quoted in your confidential price list and if you find them correct, check and "O. K." them also, as illustrated in the invoice in 57. This is the work of that member of the firm or that clerk who knows the prices and terms on which the goods were bought, and is to be attended to as soon as the invoices are received.

**Third,** As soon as the first and second instructions above are complied with, **detach all tickets** representing goods bought from the wholesale houses and manufacturers, from their respective invoices, and place them in the envelope marked **Department A** or **Wholesale Stock**. Likewise detach tickets representing goods bought from students from their respective invoices, and place them in the envelope marked **Department E**.

**Fourth, Go carefully over all computations**, the extensions, the additions, the discounting and the subtracting of the discounts, and again place your "O. K." as done by T. E. C., in the money columns of the invoice in 57.

**Fifth, Make entry for all invoices** bought similar to the following, which is the correct entry for the purchase from the Quaker Oats Company, omitting two lines between the last entry (made for the payment of rent) and this entry and two lines between all succeeding entries.

Merchandise	149	19	
Quaker Oats Company			149
Bot Ind. No. 1, 60d. 3/10, 2/20, 1/30			19

When the entries are completed, make the proper memoranda in the stamped form on the upper right hand corner of each invoice as instructed in 15 and file alphabetically in the Invoice compartment of your filing case. The proper memoranda to be placed on each invoice is the date, the book and page of entry, and the filing letter and number of the invoice. The form in which this is placed is printed on the invoice as a matter of school convenience; in business a rubber stamp is used and is sometimes placed on the back of the bill, or on a corner turned over for the purpose.

**Sixth,** Pay in currency at the general offices of the Transfer Company, or at the teacher's desk if so instructed, the bills for freight presented when your goods are delivered, numbering

these in order as, *Expense Bill No. 1, Expense Bill No. 2, etc.* In making entry for these freight payments, use the phrase, *Expense Bill No.* — as the explanation of the entry and carry the explanation to the ledger when posting.

**Seventh,** Observe that you are getting a much wider range of business instruction than merely a study of bookkeeping, and go very carefully through all the details suggested above. Since all errors and mistakes that you make in your work, or overlook in invoices received from others, will appear in your proof at the end of this outline, and will prevent your going ahead until they are all corrected, careful work **now** will save you hours and even days of time spent in finding and correcting errors.

**6. Securing Orders From Students.** While you will not hereafter be controlled in the matter of your sales any more than in the ordering of goods, it will be most convenient that your first sales be exactly specified. You will therefore sell to six students who will be designated by your teacher, the following bills of goods, first copying them on your small order blanks as illustrated in the form following. Fill out all the order blanks completely as to the items before going to your teacher for the names of the purchasers, but make no extensions until after your teacher has approved the orders. See (a) below.

#### ORDER BLANK

COLLEGE CITY, Sept. 7, 19\_\_

Ordered of (Your own name here) \_\_\_\_\_

By \_\_\_\_\_

Per \_\_\_\_\_ Purchasing Agent.

Terms 3rd, 2nd, 1st

1	Barrel Quaker Patent Flour		
2	cases " Rolled Oats		
4	Barrel B. C. Oyster Crackers		
10	cases Bordeaux Catsup		

In the same manner as No. 1 is filled out, fill out blanks for the following lists of goods:

Order No. 2, 6 cases Quaker Whole Wheat Flour; 10 cases Pork and Beans No. 2; 5 boxes A. B. C. Soda Crackers.

Order No. 3, 10 cartons Nobetter Biscuits; 20 cases Vegetable Soup; 5 cases Pork and Beans No. 2; 6 cases Quaker Puffed Wheat.

Order No. 4, 2 barrels Quaker Patent Flour; 6 cases Quaker Whole Wheat Flour; 40 cases Bordeaux Catsup No. 10; 10 cartons Ambis Sugar Wafers.

Order No. 5, 8 bxs. A. B. C. Oyster Crackers; 10 cartons Nobetter Biscuits; 30 cases Extra Tomatoes.

Order No. 6, 10 cartons Ambis Sugar Wafers; 2 barrels Quaker Patent Flour; 50 cases Milk, Family Size; 20 cases Extra Tomatoes.

(a) When your teacher has completed the above orders by accepting the goods as Purchasing Agent for certain students whose names he will give you, you will proceed to fill in the prices as indicated on each ticket and to compute and make the extensions, discounting the entire bill 3% as a trade discount. You should be able to make these computations accurately without the use of scratch paper, and as these order slips can be easily replaced if spoiled, this is a good opportunity for practice in offhand addition, such as you will be expected to do accurately and neatly, and rapidly if you should go into a position as a bill clerk.

(b) When the orders are thus completely filled out, proceed to make out your bills, following carefully the form of invoice on the opposite page, which is the bill for Order No. 1 complete except for the names of the parties. Substitute your own name for that of the proprietor, and the name of the purchaser for that of H. P. Lemler.

When all bills are made out, turn to your journal, and, omitting two lines from the last entry, make entry for the first sale exactly as shown in the entry presented below the invoice on the opposite page, except that you will write the name of the purchaser in the place of that of H. P. Lemler.

GIRARD, Y. S., Sept. 17, 19\_\_M. N. P. LemlerGirard, Y. S.

BOUGHT OF

**F. H. BURNS**

ORDER NO. \_\_\_\_\_

305 South Summit Ave.

**DEPARTMENT Store**TERMS 3rd, 7/10, 1/10 or Accept.

4	bbls Quaker Patent Flour	\$5.50	22	—		
2	cases " Rolled Oats	2.85	5	70		
4	bbls. A. B. C. Oyster Crackers	1.26	5	04		
40	cases Bordeaux Catsup #10, 29 doz	4.50	90	—		
			122	74		
	Less 3%		368		119	06

N. P. Lemler			119	06		
Merchandise					119	06
Sale, 1. - 3rd, 7/10, 1/10 or Accept.						
4 bbls Quaker Patent Flour at \$5.50	22.00					
2 cases " Rolled Oats	2.85	5.70				
4 bbls. A. B. C. Oyster Crackers	1.26	5.04				
40 cases Bor. Catsup #10, 29 doz.	4.50	90.00				

(c) Now submit the entry you have just made to your teacher for approval with all the bills that you have made out, to be "vised." When these are approved proceed to make entry for the remaining bills in the same manner as for the first, omitting two lines between entries, and when this work is completed take the tickets representing the goods you have just billed, from the envelope marked "Wholesale Stock" and attach them to the respective invoices with a pin or patent fastener (not with paste) that they may not be easily lost, and deliver the bills with the goods to each customer. In doing this, do not stop for explanation or other conversation (unless the customer asks to see your order) but place the bill and goods on his desk and return to your own work. Anything that the purchaser needs to know he can learn best from the teacher. If he is already overloaded with goods it is a situation that he should report to the teacher, not to you.

(d) File away your order slips in the file marked "Sales Tickets," as they may be needed for reference. Later in your work, methods of using them as a part of the original entry, or record, will be introduced. At present they are used as voucher evidence of your authority to sell, the entire record being made in the journal just as if these orders did not exist.

7. **Purchases from Students.** As stated in Introductory Information under 90, you will from time to time receive goods from other students, ordered for you by your purchasing agent. When such bills are received, turn back to 91, 5, for instructions as to checking and entering, and be careful to place the tickets representing these goods in the envelope marked **Department E**. As these goods are bought at the prices current for sales to students, they cannot be resold to students at a profit, hence they are kept separate from your wholesale stock to be sold later to the Townsite & Trading Company (T. & T. Co.) which, as the owner of the College City townsite, has, with an enterprise common in the developing of new towns, opened a market for this class of goods on terms stated below.

8. **Terms of Sales to the Townsite & Trading Co.** This company will buy goods from students at the list prices of the wholesaling companies, on four months' time, subject to the seller's draft at any time for amounts not aggregating more than 95% of the total sales; and will settle in full at any time when the seller is instructed to secure settlement, a cash balance being found by equating the accounts on the basis of the current rate of interest, not, however, exceeding 8%; or this company will at the time of sale pay cash less  $2\frac{1}{2}\%$  discount from list price.

9. **Payment for Goods.** From day to day you will have special instructions as to the manner of making payment for goods. Much will depend on the terms quoted by the seller.

(a) For the goods which you have ordered from the wholesale houses, you will pay cash less the discount to which you are entitled by the terms of the invoices. Write a letter to each of these houses, enclosing your check for the amount due according to the above instructions, and a second order for merchandise<sup>1</sup> your own selection, limited only by the instructions in 91, 4, (a) and your special price list. Express in this letter your appreciation of their promptness in accepting and filling your former order. Make entries as instructed in Fifth under 5. Present all work to be vised handing your teacher neat copies of all letters.

(b) For goods bought from students through your purchasing agent, make payment as follows: If notes or drafts accompany any of the invoices, sign the notes and accept the drafts (if correct in amount and form) make the proper record in your bill book, consulting 67 and 68, and make entry in your journal as instructed in 57. If the option of paying by either cash or note is allowed you, draw checks, less 2%, for a part of the bills (not more than half of them), and give a note, less 1%, for each of the others. Enter cash payment as in 21. Payment by notes will have a very similar entry, except that you will credit Bills Payable instead of Cash. See instructions and information in 20, (a). Show your entries for these payments to your teacher, when you present your checks, notes, and other papers to be vised, and complete the payment of bills bought from students by delivering the checks or notes to the students at their respective desks without writing a letter. It is considered that the wholesale work will furnish sufficient practice in correspondence.

10. **When You Receive Payment** for your sales, see that the amount is correct (after deducting the discount), and make entry for each payment separately, consulting 24, 51 and 58, for form of entries. Place the cash, notes or acceptances received in the proper compartments of your filing case, and make the proper record in the bill book for all notes or acceptances.

11. You are now ready to post and make what we call the **daily closing**.

(a) **Do Not Expect Business to Stop** because you are closing your books. In general, if invoices come in while you are closing, check them as instructed in 91, 5 under first, second, and third, and place the bills in a clip, or in the back of your filing case for future entry, **If drafts are presented for acceptance, or statements, notes, or acceptances for payment**, see that the amount is correct, then make the proper record in your bill book, and, if it be necessary to make payment to accommodate the selling student draw your check for the amount, carefully explaining

1. If this order is filled and you receive the merchandise before you have completed your work and had it accepted up to and including the report on page 110, file invoices as instructed in 11 (a) following and make no entry until your books are accepted.



the check stub. In the first cases of this kind that occur, consult your teacher to make sure that you have the proper memoranda to enable you to make entry when you are ready to do so.

Frequently it is convenient to continue making the journal entries while closing, but not posting these new entries until the next daily closing. Consult your teacher on this point, but **do not refuse to do necessary business because you are closing your books.** If your trial balance gives you trouble and you are delayed until double the usual amount of business for a daily closing has accumulated, report to your teacher, asking him as purchasing agent not to buy any more for you for the present, and get his advice as to your trial balance.

(b) Open your ledger accounts on the following pages of your ledger, in your best style of penmanship, and prepare your index to correspond: (For a guide consult C. W. Burke's ledger, prepared in your former business.)

Page 1, (Your name) \_\_\_\_\_, Proprietor; page 4, Cash; page 6, Merchandise; page 10 Merchandise Discounts; page 12, Expense; page 13, Loss and Gain; page 15, Freight; page 16, Cartage; page 17, Furniture; page 18, Chattels; page 19, Collections and Exchange; page 20, Interest and Discounts; page 28, Bills Receivable; page 29, Bills Payable; and for your customers (those to whom you sell), open accounts on the half pages in that part of the book designated as Customers' Ledger; while for your creditors (those from whom you buy), you will open accounts on the half pages in that part of the book designated as Creditors' Ledger, giving each account one half of page. Your ledger being loose-leaf you will number the pages of the general ledger only. In the customers' and creditors' ledgers you will arrange the accounts alphabetically paging separately under each letter as, A-1, A-2, B-1, B-2, etc.

(c) Post, following the method explained in 28 to 45. **Index your ledger as soon as opened.** See Index of C. W. Burke's ledger.

(d) Prove Cash, as illustrated in 66 (a), (b) and (c).

(e) Prepare your deposit ticket as in 18 copying it on your check book stub as instructed in 91, 2.

(f) Endorse your checks, as you did the draft in 91, 2, and present pass book with deposit ticket and checks to teacher to be "vised" before going to the bank.

(g) Prove Bills Receivable and Bills Payable, as instructed in 69.

(h) Take a trial balance as instructed in 70 and when balance is found, record in trial balance book with the amounts in the first pair of double columns (see 78, a), writing the date where the words, *Trial Balance*, appear in 78 (a), and entering beneath on consecutive lines, the **names of the accounts with the ledger pages** from which they are taken, as well as the **debit and credit** of each account. **Always re-add the trial balance after copying it, and write the footings between the red lines at the foot of the trial balance page. Never copy your footings.** See 78, footnote 3. Be careful also to observe instructions regarding accounts that are in balance. See 46, Footnote 2.

If your ledger does not balance, try the ordinary methods of finding a trial balance in 71. If you still cannot find your balance, work it out as instructed in 72, "**To Find a Trial Balance When Ordinary Methods Fail,**" and carefully follow the instructions there given. It is a somewhat lengthy method, but, if followed carefully, it is certain to result in a balance, and will point out the account or accounts in your ledger in which the errors exist, and even the side of the account on which they are to be found. There is absolutely no reason that a trial balance should ever become a bugbear to anyone, nor any reason why you should not find your first (and every other) trial balance without any assistance. To obtain assistance is to lose the very thing you attend college to gain.

**92. To Find a Trial Balance When Ordinary Methods Fail.** As a second aid to the student in mastering a method of work that is of great importance to him both as a plan for overcoming difficulties in school and as a training in avoiding them in future work, the lesson presented in



72 is repeated, being specifically applied to the prescribed work of 91. By a comparison of the two sections the student should not fail to thoroughly master this subject.

(a) Take a sheet of trial balance paper from your trial balance tablet and copy from your ledger all items posted therein arranging the debits in a column or columns on the left hand of the page, and the credits in a column or columns on the right as the specified items of your first day's work are arranged below. In taking these numbers for the purpose of illustration, we have supposed some probable errors. If you are proving another day's work, your figures will be entirely different. If you are proving the first day's work but have bought goods from students, or paid bills not distinctly specified, or received money for any of your sales you will have additional items in some of these accounts and possibly some new accounts. Otherwise your "Checking Page" when first copied, will appear, as below, except that the figures may differ.<sup>1</sup>

A

Ledger Debits			Ledger Credits		
Cash	Customer 2	Customer 6	Q.Oats Co.	Mdse.	Proprietor
\$5000 00	\$ 64 08	\$ 207 10	\$ 149 19	\$ 119 06	\$5000 00
Mdse.	Customer 3	Q.Oats Co.	Am.Bis.Co.	64 80	Cash
149 19	105 73	149 19	90 04	105 73	125 00
90 04	Customer 4	Am.Bis.Co.	Van Camp	120 28	146 21
742 00	120 28	90 04	Company	78 23	88 24
Expense	Customer 5	Van Camp	742 00	207 10	727 16
125 00	72 83	Company		Mdse.Dis.	
Customer 1		742 00		2 98	
119 06				180 00	
				14 84	

(b) When all items are copied as above and space left beneath each separate account for adding (we are not ready to add yet), proceed to check the debits and credits as below, numbering the debits consecutively in red ink (marking with an *x* any that you cannot match with a credit) and numbering the credits that correspond exactly to the respective debits with the same checking number, in red ink. When this is done the page will appear as in B, and the *x*'s on the left hand and the unchecked numbers on the right will include all the mistakes and sometimes, as you learned in 72, combinations that are not mistakes, but cannot be certainly checked without reference to the journal.

(c) Having gone over the checking page as above, we find several numbers that do not check as indicated by the *x*'s on the left hand and the unchecked numbers on the right. Taking up the first *x* on the left, No. 7, in the account of your second customer, you will turn first to the ledger to see that the error is not merely in copying, then following it to the journal by the reference number, you will learn that the correct figures are 64.08, the cents figures being reversed in posting to the Merchandise account where it appears as 64.80. Correct the error, first in the Merchandise account in the ledger, then on the checking page and observe that now this number checks off with 64.08 in the Mdse. credit. Cancel the *x* thus, /, and number

1. For the purposes of this proof it is immaterial whether the student has the same figures in each account as above or not. Except that it will be easier to follow the plan of proof through the explanation following in each plate, the student will get a better practice if his work should be altogether different, or if he will prove his trial balance from the instructions given in 72 and without consulting 92.

B

Ledger Debits			Ledger Credits		
Cash	Customer 2	Customer 6	Q.Oats Co.	Mdse.	Proprietor
1 \$5000 00	x7 \$ 64 08	11 \$ 207 10	2 \$ 149 19	6 \$ 119 06	1 \$5000 00
Mdse.	Customer 3	Q.Oats Co.	Am.Bis.Co.	8 64 80	Cash
2 149 19	8 105 73	x12 149 19	3 90 04	9 120 28	5 125 00
3 90 04	Customer 4	Am.Bis.Co.	Van Camp	11 207 10	146 21
4 742 00	9 120 28	x13 90 04	Company	Mdse.Dis.	88 24
Expense	Customer 5	Van Camp	4 742 00	2 98	727 16
5 125 00	x10 72 83	Company		180 00	
Customer 1		x14 742 00		14 84	
6 119 06					

the credit in Mdse., 7, in red ink. The next  $x$  is in the account of the fifth customer, 72.83. Tracing it in the same manner you find that the corresponding credit is in Merchandise and has been posted 78.23. Correct this error in ledger and on checking page, cancel the  $x$ , number the credit, and take up the item in the account of the Quaker Oats Co. Referring to the journal, we learn that this debit is matched by two credits, 146.21 in Cash and 2.98 in Mdse. Disc'ts, hence, this is not an error. Cancel the  $x$  and place the red number 12 as a check mark to both of the credit numbers. The next  $x$  is in the account of the American Biscuit Co. Supposing the same condition to exist as in the preceding case; you will naturally attempt to match it by combining one of the unchecked cash items with an unchecked item in Mdse. Discts., and not being able to find a combination, you will again refer to the journal and will learn that Mdse. Discts., 1.80 has been posted, 180.—. Correcting this error in the ledger and on the checking page, you will observe that the remaining  $x$  on the debit is now exactly matched by the two remaining unchecked credits, and the checking page now shows a perfect condition of the ledger, and appears as in form C, except the red ink footings.

C

Ledger Debits			Ledger Credits		
Cash	Customer 2	Customer 6	Q.Oats Co.	Mdse.	Proprietor
1 \$5000 00	7 \$ 64 08	11 \$ 207 10	2 \$ 149 19	6 \$ 119 06	1 \$5000 00
5000 00	64 08	207 10	149 19	7 64 08	5000 00
Mdse.	Customer 3	Q.Oats Co.	Am.Bis.Co.	8 105 73	Cash
2 149 19	8 105 73	12 149 19	3 90 04	9 120 28	5 125 00
3 90 04	105 73	149 19	90 04	10 72 83	12 146 21
4 742 00	Customer 4	Am.Bis.Co.	Van Camp	11 207 10	13 88 24
981 23	9 120 28	13 90 04	Company	689 08	14 727 16
Expense	Customer 5	Van Camp	4 742 00	Mdse.Dis.	1086 61
5 125 00	10 72 83	Company	742 00	12 2 98	
125 00	72 83	14 742 00		13 1 80	
Customer 1				14 14 84	
6 119 06				19 62	
119 06					

You should now have no trouble in finding your trial balance directly from your ledger, and should take it off, carefully reviewing all additions as you do so. If it does not balance, however, then add your accounts as they now stand on your checking page, entering the footings in red ink, and as you have proved by checking that you have the same numbers on both debit and credit sides, you must feel that any failure to secure a balance from this page is due to **inaccuracy in addition** which you must overcome if you would ever become an accountant.

(d) If you are working on **some other trial balance than the first one** in your actual business work, and it does not come when the checking is completed and you have carefully taken it again off the ledger as instructed in the latter part of (c) above, then take a balance of the red ink footings above and write it (in red ink) into the last preceding trial balance as in **72 (d)**. After proving that it is correctly copied by adding it (also in red ink) after copying, (see **78**, Footnote 3), add together items that come together (in the same account and on the same side of it) and extend the results into a second pair of columns, extending likewise the items that appear alone either in the old trial balance or in the balance of the new work, and the result (if the work is correctly performed) will be a complete **key**, to the present condition of your ledger as it should stand. By comparing it with the balance taken directly from the ledger you will learn the account and the side of the account on which each mistake is to be found. **Observe** that if you have difficulty in adding together these two balances and securing a result that will balance, you can help to discover your mistake by adding together the footings of the two balances and thus finding out what the footing of the new balance should be. **Observe** further, in comparing this "Key Balance" with a balance taken from the ledger, that an account in the ledger may differ in footings from the key and yet be correct, if the difference between the footings of the Key and the difference between the footings of the ledger are the same. This will often be the case when ledger accounts have been ruled since taking the last trial balance, or when an accountant follows the practice of omitting from the balance all accounts that balance whether ruled or not. See **46** footnote 3. For the method of making this Key Balance see **72 (d)** and (e).

**93.** Preparatory to proving the accuracy of your merchandise transactions, it will be necessary for you to take an inventory of all merchandise in stock, as was done in C. W. Burke's business in **75**. As you will have but two departments, your inventory will be simpler in form, but very similar in plan. Prepare it very carefully on a sheet of journal paper, listing first the goods represented by the tickets found in the envelope marked, **Wholesale Stock**, and discounting the total  $12\frac{1}{2}\%$ , then listing whatever (if any) goods are to be found in the **Department E** envelope and discounting their total,  $3\%$ . Adding the net amounts of the two departments completes the inventory. Work very carefully as any errors will make you considerable extra work before they are found. When your inventory is complete, proceed with

**94. The Expert Report.** You are now ready to figure out a proof or expert report on your work, that will show whether or not any errors have been made in your merchandise transactions and the net amount of these errors in each department. Study very carefully all the work given under this section number, whether you "know your work is right" or not. If in transacting the business prescribed in **91**, you have bought no goods from students, the proof of your merchandise transactions at this time will be a very simple matter. Take a blank from your expert Reports and

1. Enter on **Line 3, Total Cost.** (Mdse. debit), the debit footing of your Merchandise account.

2. On **Line 4, Present Inventory**, enter the net amount of your inventory of **Wholesale Stock**.

Expert Report on business	Dept. A	
Of <u>T. H. E. Student</u>	Goods bought	at <u>12 1/2%</u> off
Outline <u>1</u>	from list price	and sold
Date <u>Sept 15, 19</u>	at <u>7</u> % off	
Respectfully Submitted,		
Auditor		
1. Last Preceding Inventory		
2. Purchases of Merchandise		
Adding lines 1 and 2 gives		
3. Total Cost. (Mdse. debit)	<u>981.23</u>	
Deducting from this the		
4. Present Inventory	<u>359-</u>	
Gives		
5. Cost of Goods Sold	<u>622.23</u>	
Add		
6. Trade Discount	<u>88.89</u>	
To obtain		
7. Sales at List Prices	<u>711.12</u>	
Then deduct		
8. Selling Discount	<u>21.33</u>	
And the result shows what		
9. Sales Should be	<u>689.79</u>	
From Mdse. credit take		
10. Sales Per Ledger	<u>689.79</u>	
and subtracting		
11. Line 10 from 9 shows errors		
Line 9 less line 5 shows what		
12. Gains should be	<u>67.56</u>	
Line 10 less line 5 shows what		
13. Gains are	<u>67.56</u>	
Line 12 less line 13 shows		
14. Errors		

3. Subtract Line 4 from Line 3 and write the result on Line 5, Cost of Goods Sold.

4. Our work now is to compute from the cost of goods sold to the amount the sales should come to, and to facilitate this work for beginners we have made the trade discounts of all the houses with which the student has been dealing the same. In business they would probably differ and would necessitate a separate column for the goods of each house as illustrated in 76 (a). Our discount being uniformly  $12\frac{1}{2}\%$ , the Cost of Goods Sold, on Line 5 is just 7-8 of what it would be at list prices, and the discount which was 1-8 of the list price is 1-7 of the number on Line 5 above. Take 1-7 of the Cost of Goods Sold and write it beneath, on Line 6, Trade Discount.

5. Add the Trade Discount to the Cost of Goods Sold and it gives Line 7, Sales at List Prices.<sup>1</sup>

6. Compute the selling discount, 3% of the Sales at List Prices and write it on Line 8, Selling Discount.

7. Subtract this Selling Discount from the Sales at List Prices and the result shows on Line 9 what the Sales Should Be.

8. Turn to your Ledger and copy on Line 10 the credit footing of Merchandise, and if the amount agrees with the number on Line 9, your work is correct.

9. If it does not agree subtracting as instructed for Line 11 will show the amount of error.

10. Continue to fill out all the blanks of your report until you have shown the gain (or loss), verified the error in sales if any existed, and answered the percentage questions at the foot of the blank.

95. The Report presented in 94 illustrated perfect work, exactly as prescribed for the student in 91. In future work, however, the student will have inventories, and work in at least two departments, or classes of goods. To prepare him for this we present here a form of report filled out to include preceding inventories and work in two departments of merchandise. The student will observe that except for the inventory, and its effect on other figures, the work of Department A is the same as in 95, but that the work of Department E is new. It is in fact, except for the introduction of an inventory at beginning, an exact copy of the report of one of the author's former students, and contains all the errors that were in his original work at that time. It was his first report. See form of Report on next page.

1. Take Your First Number from the debit footing of merchandise and enter it in the totals column of Line 3 exactly as shown in the form following.

2. The Next Step is to enter the net inventory of each department on Line 1, in the respective department columns and the total net inventory of Merchandise in the Totals column.

1. This rate of discount being  $12\frac{1}{2}\%$ ,  $\frac{1}{8}$  of 711.12 should equal the discount 88.89 found on Line 6.

## CAMPBELL'S ACTUAL ACCOUNTING

3. Your Third Step will be to enter the total sum of the credits of the wholesale firms from whom you have been purchasing on the second line in Department A column.

4. Subtract the Total Inventory on Line 1 from the Total Cost of merchandise, Line 3, and write the remainder in the Totals column on Line 2.

5. Subtract from this Total Purchases amount the number entered on the same line in Department A column, and the remainder will be the goods purchased for Department E. Enter this on the second line in Department E column.

6. Now Add Lines 1 and 2 in each Department column, writing the result on Line 3 beneath. Then add together the department amounts on Line 3 and if your work is correct, the result will agree with the number in the Totals column on the same line.

7. Your Next Step is to deduct your present inventory at its net value, entering the total inventory in the Totals Column, Line 4, and the inventory of goods in each department on the

Expert Report on business		Totals	Dept. A	Dept. B	Dept. C	Dept. D	Dept. E
Of <u>Guy Erickson</u>		Inventories,	Goods bought	Goods bought	Goods bought	Goods bought	Goods bought
Outline <u>1</u>		Purchases,	at <u>12 1/2</u> % off	at _____ % off	at _____ % off	at _____ % off	at <u>3</u> % off
Date <u>Nov 29, 19</u>		Discounts,	from list price	from list price	from list price	from list price	from list price
Respectfully Submitted,		Sales,	and sold	and sold	and sold	and sold	and sold
Auditor		Etc.	at <u>3</u> % off	at _____ % off	at _____ % off	at _____ % off	at <u>list</u> % off
1.	Last Preceding Inventory	412382	23923				18459
2.	Purchases of Merchandise	349864	98123				251741
	Adding lines 1 and 2 gives						
3.	Total Cost. (Mdse. debit)	392246	122046				2702
	Deducting from this the						
4.	Present Inventory	323855	59823				264032
	Gives						
5.	Cost of Goods Sold	68391	62223				6168
	Add						
6.	Trade Discount	9080	8889				191
	To obtain						
7.	Sales at List Prices	77471	71112				6359
	Then deduct						
8.	Selling Discount	2133	2133				
	And the result shows what						
9.	Sales Should be	75338	68979				6359
	From Mdse. credit take						
10.	Sales Per Ledger	68979	68979				
	and subtracting						
11.	Line 10 from 9 shows errors	6359					6359
	Line 9 less line 5 shows what						
12.	Gains should be	6947	6756				191
	Line 10 less line 5 shows what						
13.	Gains are	589	6756				6168 <sup>2</sup>
	Line 12 less line 13 shows						
14.	Errors	6359					6359
15.	Per cent. of Merchandise Gain or Loss on Cost of Goods Sold <sup>3</sup>						
16.	Per cent. of Loss for Freight <sup>4</sup>						
17.	Per cent. of Loss for General Expenses						
18.	Per cent. of Net Gain or Loss on Cost of Goods Sold <sup>5</sup>						
19.	On Investment						
20.	What Per cent. must Sales Increase to make 10% Net on Investment?						

N. B. In subtracting, when the subtrahend is the larger, write the result in red ink. If either subtrahend or minuend be in red ink, add to obtain the difference and write the result in the same color as the minuend.

1. When we know that there have been no sales in a department, and that therefore the remainder brought down on Line 5 represents errors, we always increase it by the correct per cent. of trade discount represented on Line 6, because the errors will always be easier to recognize on the list basis; but we are careful not to complicate it by deducting a selling discount, hence we carry it down the rest of the column unchanged.

2. This result being in red would mean a loss if we did not know it to be an error.

3. For gain, mark out the words, or loss, and vice versa.

4. To obtain per cent. of freight, compute for the entire amount of freight, on the total cost of merchandise, provided all freight bills are in and charged. If not, then compute on the total of the invoices on which the freight has been paid.

5. Compute this on the Cost of Goods Sold, taking a careful inventory of rent unused, salaries unpaid, etc., as in 77 (a) and (b).

same line in the respective department columns. Subtracting each number on Line 4 from the number in the same column on Line 3 gives three footings on Line 5, one in the Totals column and one in each department column. To prove the work, the sum of the numbers in the department columns should equal the number in the Totals column.

8. **To Compute** from the cost of goods to the amount of sales, with our plan of prices, it is necessary, as in 94 (b) 4, to find the value of these goods at list price, and for this purpose we add the trade discount allowed us when we bought the goods. For method of computing this discount in Department A, see 94, 4, and for the discount in Department E column, see 21. Enter these discounts, when found, in their respective department columns and the sum of the two discounts in the Totals column on the same line.

9. **Adding Lines 5 and 6** we have on **Line 7, Sales at List Prices** both in the total and by separate departments. Prove the accuracy of the discounts found in 8 above as instructed in 94, 5 footnote, observing that the discount in Department A, column is  $12\frac{1}{2}\%$  and that in Department E, 3%.

10. **To Find the Amounts** for which these goods should have sold, we have only to deduct from the amount in each department column the selling discount. Obtain the discount in Department A column by computing 3% of the amount on Line 7 and enter it on Line 8. Noting that there have been no sales made of Department E goods, we are aware that the figures standing on Line 9 in that column record an error. We will therefore, not complicate it by deducting any selling discount. The discount in the Totals column being always obtained by adding the discounts in the department columns, it appears in this case the same as the discount in Department A.

11. **Performing the Subtraction** required, we have on **Line 9** what our **Sales Should Be** computing on the basis of cost at our regular per cent. of profit.

12. **Turning to the Ledger** to see what our sales are, we enter the total footing of the Merchandise credit on Line 10 in the Totals column. If we had made any sales in Department E, we would turn next to the account of the T. & T. Co., in our customers' ledger and would enter the debit<sup>1</sup> of that account on Line 10 in Department E column. The difference between this amount entered in Department E column and the amount in the Totals column would give us the amount of sales in Department A. There being no sales in Department E at this time, we enter in Department A on Line 10, the total credit of Merchandise, or the same figures that we have just entered in the Totals column. The student should be able to perform without further instruction, the work indicated on the expert report blank noting that when completed, this report not only shows all the errors, but that it is designed also to show the gains and losses and as a proof of accuracy to show the same errors in gains and losses that appear first in the sales. Work out fully the answers to the percentage questions at the foot of your blank report and enter them as indicated.

**96. Method for Finding Errors That the Trial Balance Does not Discover.**

(a) The student who is doing his first day's work in actual accounting will not need the instructions of paragraph (1) at this time, but will commence with (2) below. But for his general understanding of the subject and that he may be able to work out the problems following, he should study this paragraph as applying to future work.

(1). Take a page of specially ruled broad proof paper and enter on the first line marked, *Old Inventory*, in the form (b), not the inventory taken just before beginning this proof, but the last preceding inventory, the total of which is found at the head of the debit column of Merchandise in the ledger, and which appears both in total and in department totals on Line 1 of the form in 95.

Turn back in your journal or inventory book to the inventory taken at the last preceding closing of the books and enter the Department A inventory on the first line of your proof sheet

1. The amount to be taken from the T. & T. Co.'s account for this proof is always the total debit since the last closing of the books. That is all that should be included in the present proof. This forms a good reason for the student's ruling the T. & T. Co.'s account at each closing of the ledger.



as the Old Inventory is entered below, entering the net inventory in the Net Amount column, the discount in the Discount column, the list value in the List Amount column and the extensions at list value in the distribution columns writing the name of the item at the head of the column.

(2) Take the invoices received from your wholesale houses and list them as illustrated by the invoices numbered 1, 7, 13, at the top of the form 96 (b) below, first entering the net amount of the bill in Net Amount column, next the trade discount in the Discount column, then the total of the extensions in the List Amount column, and the extensions themselves each in the separate columns designated by the items of the invoice.

(3). When all your wholesale invoices are entered in this manner, add each column, entering its footing in red ink on the first line at the foot of the column without any ruling, the color being sufficient to indicate the totals. To prove the accuracy of the incoming invoices add horizontally the footings of the items or distribution columns, the sum should equal the footing of the List Amount column. If it does, there were no errors made in adding the extensions of the wholesale invoices. Next compute the total trade discount,  $12\frac{1}{2}\%$  of the total of the List Amount column; this should equal the total of the Discount column, and if it does, it proves that no errors are made in computing the discount on those invoices. Lastly subtract the footing of the Discount column from the footing of the List Amount column, and if the remainder equals the footing of the Net Amount column, it proves that no error was made in subtracting the discounts; hence, that there are no errors whatever in the invoices unless they should appear in incorrect prices or quantities, and if any errors exist there, they will appear in this proof. If you find any error in your work to this point, mark with an  $x$  the column in which it occurs and wait for correcting it until you have studied entirely through this section.

(4). Next take your present inventory of goods in Department A and enter it in black ink on the line following the totals of the purchases, as shown on the line marked **Pres. Invent.** in the form (b) below; and subtract each number in the distributed inventory from the corresponding number in the total of purchases footings in red ink above. Write the remainder in red ink on the first line below the Present Inventory. It will show the cost of the Goods Sold, both at net and list prices with the list amounts of the items.

(b)

Inv No	Net Amount	Discount	List Amount	Quaker Pat. Flour	Quaker W. Wheat Flour	Quaker Rolled Oats	Quaker Puffed Wheat	A.B.C. Soda Crackers	A.B.C. Grys Crackers
Old Inv't	23923	3417	27340	55-	42-	2850	45-	2520	2520
1	14919	2131	17050	55-	42-	2850	45-		
7	9004	1286	10290					2520	2520
13	442-	106-	848-						
Total	122046	17434	139480	110-	84-	57-	90-	5040	5040
Pres. Invent.	59823	8543	68368	66-	63-	5130	75-	4410	3528
Cost Sales	62223	8889	71112	44-	21-	570	15-	630	1512
1	11906	368	12274	22-		570			504
2	6480	2-	6680		1050			630	
3	10573	327	109-				15-		
4	12028	372	124-	11-	1050				
5	7283	225	7508						1008
6	20709	641	21350	11-					
Total Sales	68979	2133	71112	44-	21-	570	15-	630	1512
Gain	6756	6756							



(6). Having thus proved the adding, the discounting and subtracting of the discount of each sale to be correct (if you find errors mark them as instructed in (3) above) there remains but one possible chance of error, namely,—in your inventory, or in the prices and quantities of goods bought or sold. To prove these, subtract the red ink footings of all the columns representing sales amounts from the corresponding columns of the line marked Cost of Merchandise Sold, writing the differences in their respective columns in black ink. These differences will be errors, except in the Net amount and Discount columns, where they show the gains and should be the same, agreeing also with the gains shown in this department in the expert report. Observe further that since the list values of goods sold agrees with the Cost of Sales, this proves first, that the quantities of the various kinds of goods billed to you in the incoming invoices and the quantities listed in the inventory are correct, unless it be possible that you made exactly the same error in selling, which is at least improbable. Second, since your purchases, your inventory and your sales are each based on the same list price (though with different trade discounts in sales) this proves also the accuracy of the prices as per list, throughout all your work.

No better Discut	Ambis Su. Wafers	Pork <sup>2</sup> / <sub>8</sub> Beans	Vegetable Soups	Bordeau Catsup	Extra Tomatoes	Family Size Milk
15-	3750					
15-	3750					
		75 -	128 -	225 -	120 -	300 -
80 -	75 -	75 -	128 -	225 -	120 -	300 -
20	50 -		64 -	45 -	20	150 -
10 -	25 -	75 -	64 -	180 - 90	100 -	150 -
		50 -				
5 -		25 -	64 -			
	1250			90 -		
5					60 -	
	1250				40 -	150 -
10 -	25 -	75 -	64 -	180 -	100 -	150

(c)

Inv. No.	Net Amount	Discount	List Amount	Apricots	Bees	Beans	Butter F. Creamery	Butter C. Creamery	Coffee Java
1	18459	571	19030	312	40 -	330	20 -		3188
2	3356	94	3450						
3	7231	224	7455		40 -	330			
4	5335	165	55 -	312			20 -		3188
5	2546	79	2625						
6	11160	345	11505						
8	18734	579	19313	313					12750
9	5032	156	5188				20 -		3188
10	17402	538	17940				20 -		15940
11	12346	279	12625						6375
12	13430	415	13845		80 -		20 -		
14	9725	300	10025						
15	18653	577	19230			330			
16	40643	1257	419 -						
17	16669	519	17288						
18	17867	553	18420		40 -			1620	
18	14453	447	149 -			132 -			
19	9506	294	98 -						
20	10193	315	10508					1620	
21	17460	548	18025	625	80 -		40 -		
Tot. Pres. Inv't	2702 -	8247	278572	1562	280	14190	140 -	3240	44629
Sub	264032	8166	272198	1562	280	14190	140 -	3240	38257
Sub	6168	81	6374						6378
Comp. Error	6183	191							
172 Comp.	15	110	15						
Net Error	110								
	125	110	6359						

(d) Take up now the work of Department E.

(1). First enter the last preceding department inventory as shown in the form (c) on the line marked Old Inventory.

(2). You will next make a list of all the invoices bought that belong to this department, distributing the extensions exactly as you did in the matter of the wholesale invoices and as shown in form (c) above, and will add each of these columns, entering the footings in red ink.

(3). Proceeding to prove the purchases of Department E in the manner in which we proved the purchases of Department A, you will add together the footings of the distribution columns and will observe that these exactly equal the footing of the List Amount column. This proves that there are no errors in the additions of these invoices. Now compute 3% of the list amount (the trade discount in this class of goods) and observe that it does not agree with the footing of the Discount column. This shows us that there is an error of the difference of \$1.10 somewhere in the computation of these discounts.

(4). Subtracting the \$76.76 footing of the Discount column from the footing of the List Amount column, we find that it gives \$1.25 more than the footing of the Net Amount column, showing us that there is an error of \$1.25 in the subtraction of the discount in some of these invoices.

(5). But the proof submitted in 95 shows us a total error of \$63.59 in the work of Department E and we have thus far discovered but a small amount of it,—really errors amounting to \$2.35, but as you will see presently, errors that offset each other so that the total amount that

Coffee Gran Mocha	Eggs	Lard	Lemons	Oat Meal	Oranges	Potatoes	Sugar Ex. Yellow C	Sugar Gran. Cane	Tea Unc. Japan
	2625	3125	1750	17-					
			1750	17-					
		3125							
	2625								
	5250						1255		50-
		6250							
		6250							
3845	5250			34-	1375	189-			
						369			50-
77-				34-				6188	
3850		6250				27-			
				17-		81-			
				17-		27-		6188	
						54-			
15395	15750	250-	35-	136-	1375	747-	1255	12375	100-
154-	15750	250-	35-	136-	1375	747-	1255	12375	100-
05								01	

enters into the \$63.59 error in the expert report in only 15c, as will appear later. While we evidently have quite a total of errors still to account for, we will do well to definitely locate the errors that we know now to exist.

(6). To find the errors in the Discount column it will be necessary to commence at the top of the column and carefully compute the discount on each list amount to see whether or not it agrees with the amount set on the same line in the Discount column. Taking the first list amount, Invoice 2, and computing 3%, we find that it comes to \$1.04 instead of the 94c that appears in Discount. Here then, we have found 10c of the \$1.10 error in discount. Proceeding down the column, we find each computation correct until we come to the 11th invoice. Here we find that 3% of the list amount gives us \$3.79 instead of the \$2.79 in the Discount column, and we have found the remaining error in discounting.

(7). To find the errors in subtracting discounts, we must proceed in the same manner. Commencing at the top of the columns, we subtract the discount as it appears in the Discount column (not the corrected discount) from the amount in the list column and carefully working down the column, we find that the first error in subtraction occurred in Invoice 17 and that it amounts to \$1.00. All other invoices are found to be correct so far as the subtractions are concerned, until we come to Invoice 21, where we find an error in subtraction of the remaining 25c.

(8). If you will study these errors you will observe that the error of \$1.00 in the Discount column would reduce the total of the Net Amount column when corrected, and that the error of \$1.00 in the subtractions increases the Net Amount column so that the two errors of \$1.00 each cancel each other in the final result and leave only the difference between the 10c error and the

25c error (which also have cancelled each other so far as they can) appearing in the result as 15c.

(9) Observe that the report in 95 shows no sales of goods in Department E. We should then have on hand as an inventory all the merchandise bought. Taking this inventory carefully and writing it in black ink immediately beneath the red ink totals of invoices bought, you will find that it agrees in most of the distribution columns, but that it differs by being 1c smaller in granulated sugar, 5c larger in Mocha coffee and \$63.78 smaller in Java coffee. These three added together (algebraically<sup>1</sup>) give the total of \$63.74, which you find is the difference between the List Amount of purchases and the list amount of inventory.

(10) The apparent error of 1c in granulated sugar is due as you will see, to the purchase of two invoices at \$61.88 each, when in each case by exact computation the amount would have been \$61.87½. This, therefore, is not an error but is the natural result of the seller's taking the half cent, which is his privilege.

(11). To find the 5c error which appears in red ink in the column headed Mocha coffee, you will take up Invoices 12, 17 and 18—all which contain this item of Green Mocha Coffee and going carefully over these extensions, you will find this error in the computation of extensions in Invoice 12, not a mistake in the additions or subtractions of discount, but a mistake made in multiplication of quantity and price. The mistake is in your favor and it would be a matter of honor to correct it, but it is so small as scarcely to be considered worthy of notice. We will let it go into the Losses and Gains.

(12) To find the large error of \$63.78 in Java coffee, it is necessary as in the preceding error to select out of the invoices all that contain the item of Java coffee, namely,—the 4th, 8th, 9th, 10th and 11th invoices and to look through each carefully for the error. You will find it in Invoice 8, where 4 sacks of coffee were billed to you at just double weight. This error is of sufficient importance to be corrected in any business, and the student should render a bill for the amount of the error to the firm which sold him the invoice. Having now found a total error of \$63.74 by correcting which the total of invoices bought will be decreased and an error in computation of 15c, by which the list value of goods bought would be increased, we have found a total error of the difference between these two sums of \$63.59, which is the exact amount of error shown in our expert report. If the 15c error were sufficiently large, it would be necessary to add to it, its 3% trade discount before subtracting from the \$63.74, but 3% of 15c is less than a half cent and does not count in the result. Observe that taking the difference between the discount column footing and the discount on inventory gives 81c which is not the discount on errors but a combination of the discount on errors and the errors in discount. Subtracting it from \$1.91 the discount on the error in List Amount column, gives \$1.10 the error in discounts. Also note that \$61.68 obtained by subtracting in the Net Amount column is not the net amount of error, which is obtained by subtracting \$1.91 from the List amount, \$63.74, giving \$61.83. The difference between this and the \$61.68 shows the 15c of apparent error in computations, and this added to the \$1.10 of error in discounts, shows the \$1.25 of error in subtracting discounts.

(e) When all the errors have been discovered consult 76 (b) for the proper method of correcting them and as to whether or not all should be corrected. The correct principle is to find **all errors** and to **correct all that an honest man would correct in business**. So small an error as the turning of the half cent the wrong way, while worth finding, is evidently too small to be corrected in business, and even larger errors, if against yourself, may clearly belong to this class.

**97. Instructions for Securing Orders.** (a) *You are not to go around the schoolroom soliciting orders.* Such a practice has been heretofore considered an unavoidable nuisance and time

1. Algebraic addition may not be understood by all students of this text. It is sufficient for present purposes to explain that it means to add together separately the amounts appearing in black ink and in red ink, and to take the difference between them, writing it in the same color of ink as the larger number. While a man may do ordinary bookkeeping all his life without really using algebra, no one can ever become a thoroughly competent accountant without such knowledge of mathematics as algebra gives; and will probably obtain it easiest by studying algebra.

waster in any actual business course, so much so that on this point alone a majority of the best business colleges of the country, have decided against an actual business course, in spite of its many acknowledged advantages. Soliciting orders would be a proper part of the work in a school of salesmanship, but no reliable business college will pretend that any student learns anything whatever of salesmanship running around a schoolroom and asking, *Do you want to buy anything?* (it does not matter what; in some courses they also ask, *Want to sell anything?*) There is no salesmanship in that. To pretend that it is either natural business, or salesmanship is fraud. It causes confusion and is a waste of time. **We seek to avoid this and to push the study of accounting.**

(b) **Your teacher is the Purchasing Agent** for each student customer and as such knows just what each buyer wants, and has authority to purchase for him.

(c) **To save himself time**, he delegates to you the making up of these orders, under his authority and instructions. His instructions are specifically stated on the back of your customers' pad of Order Blanks. Following these instructions, you will now

(d) **Secure Orders** for your next day's trading and have them ready for your teacher's O. K. as purchasing agent when you submit your books for approval. The goods that you have to sell are the merchandise represented by the tickets remaining from your former orders, together with that recently ordered as instructed in 91, 9 (a).

**98. Making the Daily Report and Submitting Books for Approval.** When all the preceding work is completed as outlined, fill out carefully a full Report Blank and copy it into the form in this section designated as (f). When this is done arrange your books for inspection, first dusting<sup>1</sup> them carefully, then opening each at the place of the last work done, and placing them one on top of another as follows:

(a) Open your text book to show your copied report and on top of it place your trial balance book opened at the place where your present balance is entered. Look the work over critically to see that it is in perfect condition. See that the ledger page of each account is entered in the proper column, and the date of closing at the head of the columns containing the figures of the balance.

(b) On top of the trial balance book, opened as above, place the journal, opened at the last posted entry, having first looked carefully to see that all posting checks have been correctly entered, and that the correct date appears at the head of each page of work.

(c) Examine the ledger critically. See that the year date appears at the head of every date column in which there is a date entered, and that there is a date and a journal reference for every posted amount, also that the total of each column containing more than one number appears in neat, hard lead pencil figures close under the last number in the column. Then open your bill book at either the bills receivable or the bills payable record and place it open in the ledger at the corresponding account, placing the ledger, opened at Cash, on top of the open journal.

(d) On top of the ledger opened at Cash, place the check book opened to show the balance in the bank.

(e) Lastly, place on top of all these books so arranged, orders prepared as instructed in 97, your "expert report" with all the work done in finding and correcting errors, and your loose copy of your report, and present your books at the teacher's desk for his criticism and approval.<sup>2</sup>

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1. The object in dusting the books at this time is to avoid soiling the open pages by contact with the back of the next book. A careful student will do well to prepare a number of sheets of clean blank wrapping paper, the size of an open book and keep these to place between the open books when submitting them, just as a printer uses "slip sheets" to prevent "offsetting."

2. Be careful to have your books arranged exactly in the order prescribed (unless your teacher has directed otherwise) and when you go to the desk, stand waiting respectfully until he signifies that he is ready to consider them. It is his plan to give this daily marking of books precedence over work of any other nature that he may be doing, only as a matter of ordinary business courtesy you must be careful not to interrupt him in a conversation or in any computation that he may be making in the interest of any other student.

(f)

## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

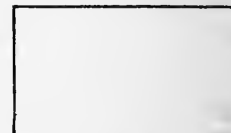
No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES		CASH	
<i>Bills Receivable</i> , Ledger Balance .....	.....	Ledger Balance.....	.....
Total uncollected in bill book .....	.....	In bank, Stb. No. ...., .....	.....
Total value of notes in the safe.....	.....	In safe, Currency .....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	In safe, Checks, .....	.....
Total unpaid in bill book.....	.....	Total Cash on hand.....	.....

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....	.....	.....	Accuracy.....	3	.....	.....
Present inventory.....	.....	.....	Neatness.....	2	.....	.....
Cost of goods sold .....	.....	.....	Orderliness.....	2	.....	.....
Sales of merchandise.....	.....	.....	Records.....	2	.....	.....
Gain, red ink; Loss, black.....	.....	.....	Progress.....	1	.....	.....
Errors: Our fvr. red; cont. black.....	.....	.....	Average.....	.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

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(g) When your teacher has approved your work to this point, it will be necessary, if your proof of Merchandise taken as per instructions 94 to 96 shows errors, for you, if you have not already done so, to make additional journal entries correcting these errors, as instructed 96 (e). For corrections not apparently included in these instructions, consult your teacher. If your proof shows correct work and no errors, you will with your teacher's approval omit (h) following and proceed to 99. But if there are errors the closing required in (h) is indispensable.

(h) (1). Take a New Trial Balance; for instructions see 70. Then proceed to

(2). Make out a Balance Sheet, as instructed in 78-81 and to

(3). Close Your Ledger, as instructed in 82. In taking an inventory of Expense account for this closing, estimate the time you have spent on your work since you commenced business for yourself as a part of a month not, however, as more than one-fourth of a month, there being three other daily closings in this outline that will share in this expense for rent.

(i) When this is done copy the problems following in 99 into four separate Expert Report blanks being careful to write each number exactly on the line and in the column to which it belongs; and then submit to your teacher all books which you have used in connection with your own business (not C. W. Burke's) for criticism and grading, first arranging them carefully as instructed in 98. While your teacher is looking over your books you will work out the prob-

lems that you have just copied, as per instructions in 99. When you hand them in correctly worked your teacher will return your books and place his stamp in the form below.

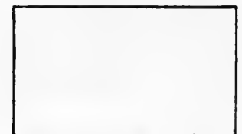
**99. Problems.** To familiarize himself with the method of working out the proof of accuracy presented in 94 and 95 as well as for practice in the principles of percentage involved, the student will work out on expert report blanks and hand to his teacher, the following problems using the data given in the tabulated form below and completing the report to show errors, gains, losses, etc. All the data for which you would turn to your ledger will be found below. Use the same rate of discount as in regular work.

	Data	Total	Dept. A.	Dept. E.
	Last preceding inventory .....		915 05	1012 05
	Purchases of Merchandise .....		872 60	
(1)	Total Cost of Mdse. ....	3789 45		
	Present Inventory ....		439 86	1949 75
	Sales per Ledger .....	1593 50		000 —
	Last preceding inventory .....		1091 50	371 65
	Purchases of Merchandise .....		2156 78	
(2)	Total Cost of Mdse. ....	5192 77		
	Present Inventory ....		984 32	1944 49
	Sales per Ledger .....	2409 76		000 —
	Last preceding inventory .....		984 32	1944 49
	Purchases of Merchandise .....		3243 76	
(3)	Total Cost of Mdse. ....	7589 89		
	Present Inventory ....		1056 75	1420 94
	Sales per Ledger .....	5021 93		1944 49
	Last preceding inventory .....		1956 75	1420 94
	Purchases of Merchandise .....		995 64	
(4)	Total Cost of Mdse. ....	6561 23		
	Present Inventory ....		1057 84	2190 —
	Sales per Ledger .....	3810 73		1385 42

Respectfully submitted,

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TEACHER'S



STAMP

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#### 100. The Second Day's Work.

**1.** Fill the orders approved by your teacher when your books were vised, carefully following the instructions in the preceding day's work as set forth in 91 (see 6, a, b, c, and d) EXCEPT that when you are ready to deliver these bills you will select two of them, with one of which you will send out an individual<sup>1</sup> note as in 55, (a), (b) and (c), and with the other a draft at thirty days for acceptance, as in 49 and 50, see especially 50, (d). Remember to make out the note and draft each 1% less than the amounts of the respective bills, but make no note of this discount on the bill, and make the entries (as in all sales) for the net amount of the bills as rendered, taking no note of the special discount until the note or draft which you sent out has been signed and returned. When these or either of these are returned, see 51 for the entry of the draft and 58 for the note.

<sup>1</sup> An individual note is a note signed by one person and is the form with which you are the most familiar. See the note which C. W. Burke gave to the Keystone Company in 61 or the note received from J. C. Dowell & Co. in 24 (b).



2. Enter all invoices that have been received and are unentered, following carefully the instructions under **91, 5**, in your first day's work.

3. Make payment for invoices received (except those from the wholesale houses, for which see **5** below) following instructions in **91, 9**, in your first day's work. If any payments have been made while closing, as instructed in **91, 11 (a)** make entry for them at this time.

4. Make entry for all payments received for sales that are in your file for unentered business, following instructions given in **91, 10**.

5. Place a third order for merchandise with each of the companies from whom you have been ordering, enclosing with each order a check for the amount of the last order, less whatever discount you are entitled to by the terms of the invoice, and writing a neat business letter to each, in which you state that you enclose herewith your check for \$—, being the amount of their invoice of (date here) less —%, with an additional order for which you bespeak their prompt attention and an early shipment. You may vary these letters in wording all that you can, but make the statement in each letter essentially the same as above so far as the circumstances in each case will permit.

6. Pay freight bills making entry as in **91, 5, Sixth**.

7. You are now ready for your second posting. Turn back to your first day's work, **91, 11**, and follow the same instructions carefully, except **11, (b)**, which is omitted this time because the books are already opened. You will not prove Merchandise at this closing, but will omit that proof of the work until the end of this outline. When, therefore, you have worked **11, c, d, e, f, g, and h**, you are ready to make your final report.

8. Secure your orders for your next day's trading as per instructions in **97** and on the back of your pad of Customer's Orders, and prepare them for your teacher's approval; then take them with your books arranged as instructed in **98**, to your teacher for approval having carefully filled out a copy of the short Daily Report, and copied it into your book in the form following:

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

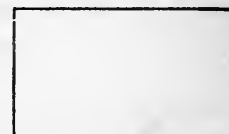
No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

**101. The Third Day's Work.**

1. Fill your orders as per previous instructions, **91, 6**, and **100, 1**, sending out with two of your invoices, notes for the respective amounts less one per cent. and with two others, drafts at 30 days for acceptance, less one per cent.
2. Enter all invoices that have been received and are unentered, following carefully the instructions under First Day's Work, **91, 5**.
3. Make payment for all invoices received from students, following instructions in **91, 9**, as before. If you have made any payments while closing, make entry for them also at this time. If any of these payments have been by note or accepting a draft, make a record on the double page 2 of the Bills Payable side of your bill book as in **68**.
4. Make entry for all payments received that are in your file of unentered business, following instructions given **91, 10**. If any of these payments are by note or acceptance, make a record of the note or draft on the second double page of the Bills Receivable side of your bill book as shown in **67**.
5. Place an order for merchandise with each of the wholesale houses with whom you have been dealing, to whatever extent you think best, within the limits prescribed in your price list. Be sure to secure goods enough to make the number of sales required for a day's work. In ordering these goods, enclose your check to cover the amount of your last order, less whatever special cash discount is due, and write a neat letter, stating the amount of your enclosure, the date or order number of the invoice you are paying and the amount of discount you are claiming. (See letter of C. W. Burke in **61, c**). Conclude each letter in an ordinary business way original with yourself, and submit to your teacher before mailing.
6. Pay freight bill and enter as in **91, 5, Sixth**.
7. Make daily closing as instructed under **91, 11** (except **11 b**).
8. When you have your work completed through **11, (h)**, secure your orders for next day's trading, as per instructions on your pad of Customers' Orders. Submit them with your books arranged as instructed under **98**, to your teacher for approval, having carefully filled out the short daily report, and copied it carefully into the form below.

**REPORT**

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable, Ledger Balance</i> .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable, Ledger Balance</i> .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

**102. The Fourth Day's Work.**

1. Fill orders as per previous instructions. Be sure to submit all out-going papers to be vised before delivering. Send out, with these orders, one note less the usual discount and one draft at 30 days for acceptance, as you did in the work of previous days.
2. Make entry for all unentered invoices that have been received, checking each carefully according to instructions under 91, 5. **Be sure to accept no one's computations except your own.** If you find errors, return the bill with the goods to the seller or report to your teacher.
3. Make payment for invoices received, following instructions, 91, 9, as before, and make entry carefully for each payment. In making payment by note or acceptance, remember the bill book record. See 68.
4. Make entry for all payments received from customers whether by cash, note or acceptance, following previous instructions. (See 91, 10.) Remember the bill book record for notes and drafts. See 67.
5. Place an order with each of your wholesale houses as in preceding day's work.
6. Make out an invoice of sale to the Townsite & Trading Co., including all goods bought from students through your purchasing agent to date. Be sure to copy carefully into your journal all the items of this sale the same as in any other sales entry. Discount this bill  $2\frac{1}{2}\%$  and attach invoice to one of the Voucher Checks of the Associated Offices, filling your name in the blank on the inside of the folded voucher as indicated in the form shown below. Blanks not indicated to be filled in the form are to be filled by the one who approves the voucher for payment.

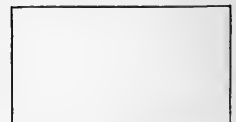
INVOICE NO. _____	SOLD BY _____	PAYEE _____
(SELLER'S NAME ON THIS LINE)		
TO <i>Townsite and Trading Company</i>		
CHARGE _____		CREDIT _____
APPROVED FOR PAYMENT BY _____		DEPT _____
		DEPT MGR. _____
WHEN COUNTERSIGNED BY _____		
(OFFICIAL TITLE HERE)		
THE PERSON COUNTERSIGNING WILL CROSS OUT THE TITLE NOT NAMED ABOVE AND SIGN BELOW		
PRESIDENT, MANAGER, ASSOCIATED OFFICES		

TEACHER WILL

STAMP HERE

Do not present this check for approval and countersigning until after your books are proved as instructed in 9 following.

7. Pay freight as in 91, 5, sixth, then secure orders for next day's business, 97.
8. Make daily closing, that is, post, prove cash, prove bills receivable, etc., as per 91, 11. (Except 11, b and h, see 76, c.)
9. Prove the accuracy of your work from the beginning, or from last closing if you closed books as instructed in 98 (h), following instructions under 95. This proof will include the previous proof made at the close of your first day's work, unless your books were closed at that time. When you have found all the mistakes shown to exist by your expert report, correct them as instructed in 76 (b) consulting your teacher if necessary, and when all are corrected, take your trial balance, as instructed in 91, 11 (h); then arrange your books as in 98 and submit to your teacher for approval with your orders for next day's business and the report blank carefully filled out but not copied into the form in the text until after your teacher has accepted your work to this point and placed his stamp here.



10. When your teacher has accepted your report and approved the entries made for the correction of errors discovered in proving your accounts, present to him for approval and acceptance the voucher check drawn in 6, filling in your name in the proper blank in the face of the check and the correct amount of the bill in the places for dollars (both words and figures) so that the check is entirely ready for the official signatures. If your proof of merchandise made corrections necessary in this invoice, see that the sales entry made in 102, 6 is corrected. Then place it in your file for unentered business until after your books are reopened for the business of Outline II.

11. Copy neatly into the form below your report as accepted and approved by your teacher in 9 above, then proceed to make out a balance sheet of your business as per instructions 78 to 81.

12. Close your ledger following instructions in 82 a, b, c, d, e, f, g, and h.

13. Close your other accounts as per instructions in 83 (a) and (b) and make out on journal paper a statement in the form presented in 86. When this is completed, leave at your teacher's desk for approval all books in which you have done any work under this outline, with the statement you have just made out. While your teacher is grading your books, you will work out in C. W. Burke's books the practice presented in 103 to 107 and when this is completed your teacher will return to you the books he has been grading and will enter his markings in the form following.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES				CASH			
<i>Bills Receivable</i> , Ledger Balance .....				Ledger Balance.....			
Total uncollected in bill book .....				In bank, Stb. No. ...., .....			
Total value of notes in the safe.....				In safe, Currency .....			
<i>Bills Payable</i> , Ledger Balance .....				In safe, Checks, .....			
Total unpaid in bill book.....				Total Cash on hand.....			

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....			Accuracy.....	3		
Present inventory.....			Neatness.....	2		
Cost of goods sold .....			Orderliness.....	2		
Sales of merchandise.....			Records.....	2		
Gain, red ink; Loss, black.....			Progress.....	1		
Errors: Our fvr. red; cont. black.....			Average.....			

Respectfully submitted,

TEACHER'S

STAMP

## PRACTICE PREPARATORY TO OUTLINE II.

103. 1. Preparatory to continuing your actual business transactions and while your teacher is grading your books, you will work out a practice in the use of the six-column journal taking up the business of C. W. Burke where it left off when you began working Actual Business Outline I. Note carefully the conditions of the contract as stated in the following Articles of Co-partnership.

THIS AGREEMENT, made this **23rd** day of **February** A. D. 191  
by and between **C. W. Burke** of **College City, Y. S.**, Part y  
of the First Part, and **C. A. Foley** of **West Bend, Y. S.** Part y  
of the Second Part.

WITNESSETH, That the said **C. W. Burke** and **C. A. Foley**  
are desirous of forming, and have formed, a co-partnership to be known under the firm name of  
**C. W. Burke & Co.** that the general nature of the business intended to be transacted is a  
**Wholesale Grocery and Commission Business**; that the  
investments of the partners are as follows, namely **C. W. Burke** Part y of the  
First Part invests as **his** interest in the said partnership, **his Present Worth** as  
shown by **his statement of Resources and Liabilities** in the  
Grocery Jobbing Business on **February 21, 191**, which resources  
hereby become the property of the firm and which liabilities  
are hereby assumed by the firm, making a net investment of  
**Five thousand (5000.00)** Dollars, and the said  
**C. A. Foley** part y of the Second Part invests as **his** interest  
in said co-partnership, the sum of **Twenty-five hundred (2500.00)**  
Dollars in **Cash**.

It is further agreed by and between the parties hereto that **C. W. Burke**,  
Part y of the First Part is to **have the general management and to do**  
**the buying of the said firm, giving thereto his full time**  
**and best judgment** and receiving therefor a salary  
of **One hundred (100.00)** Dollars per month, and that the said  
**C. A. Foley**, part y of the Second Part, is to be **general sales manager**  
of the firm, giving **his full time thereto** and receiving therefor a  
salary of **One hundred (100.00)** Dollars per month.

It is further agreed by and between the parties hereto that neither party is to be permitted to with-  
draw from the funds of the said co-partnership more than **Five hundred (500.00)**  
Dollars in any one year, and that either party withdrawing money from the co-partnership shall pay interest  
thereon for the time it is so withdrawn at the rate of **6%** per annum.

It is further agreed by and between the parties of the said co-partnership that the losses and gains of  
this co-partnership are to be shared in proportion to the respective investments, namely:  
**C. W. Burke**, part y of the First Part, **two-thirds  $\frac{2}{3}$**  and  
**C. A. Foley**, part y of the Second Part, **one-third  $\frac{1}{3}$** ; that a true  
and accurate set of books of the business transactions of this co-partnership shall be kept by the party of the  
**second Part** or under **his** direction and shall be open to inspection at any time by either party, and  
that at the close of each business year, or on the dissolution of this co-partnership, a balance sheet shall be made  
out and a true and accurate statement of the condition of the business rendered, and the books closed, the  
gains and losses being divided between the partners in the proportion provided for in this contract and the  
amounts adjusted upon their respective stock accounts.

In witness whereof we hereunto set our hands this **23rd** day of **February**, 191

*M. M. Carson*  
*A. J. Moore*

Witnesses.

*C. W. Burke*  
*C. A. Foley*

104. Having carefully studied the contract between the partners, give careful attention to the journal form in the pages following, and observe,

(a) That instead of one debit and one credit column, both on the right side of the page, there are three debit columns on the left side of the page and three credit columns on the right side;

(b) That all the items of the opening entry are placed in the two Sundries columns, that they may be at once posted to the ledger to open the accounts;

(c) That in making subsequent entries, whenever the debit item is cash or merchandise, the debit amount is placed in the Cash or Merchandise column on the debit side, and whenever the credit item is cash or merchandise, the credit amount is placed in the Cash or Merchandise column on the credit side;

(d) That at the foot of each page the columns are added and proved, the total of the three debit columns being equal to the total of the three credit columns, and that when thus proved, these footings are carried forward to the top of their respective columns on the following page, before making any additional entries.

(e) That the journal is closed by ruling as shown at the foot of the last page of these forms, the footings of the special columns being at that time carried into the Sundries column and posted thence to their respective accounts in the ledger, so that

(f) Only items that are entered in the Sundries columns, and footings that are brought into it, are posted to the ledger;

(g) That the addition of the special columns footings to the Sundries columns footings gives debit and credit totals that are equal, and is presumptive proof that the special columns are added correctly.

105. For section 105 see pages 118 and 119.


106. 1. Take up C. W. Burke's journal and beginning at the top of the first page of six-column journal rulings, make, under date of February 23, 191—, an opening<sup>1</sup> entry of the exact form presented in 105 (a) and (b), taking Mr. Burke's resources and liabilities from the Resources and Liabilities columns of his balance sheet dated February 21, 191— and taking as Mr. Foley's investment the draft on New York for \$2,500 which you will find in your Pad of Prepared Blanks, Form 39, properly issued and endorsed. A correct form of the draft is given below.

Form 39

German American Trust Company No. 287  
\$ 2500.00

College Center, Y. S. February 21 19\_\_

Pay to the order of L. A. Foley

 COLLEGE CURRENCY. Twenty-five hundred and no/100 DOLLARS

To THE WESTERN TRUST & SAVINGS BANK | German American Trust Company  
NEW YORK, N. Y. | N. D. Cunningham TREASURER

Countersigned L. E. Hodge President

1. While an opening entry is not necessary to the proper continuation of the entries at this time, because you will continue to use Mr. Burke's ledger which is already opened, a form of opening entry is here presented for the purpose of giving practice in making opening entries and this plan will be followed for the most part throughout the text.

## College City, Y. S. October 23, 191-

	CASH	MDSE.	SUNDRIES	L. F.		L. F.	SUNDRIES	MDSE.	CASH
					A copartnership has this day been formed by, and between M. E. Gordon and D. P. Piers for the purpose of conducting a grocery selling business in College City, Y. S. The partners receive to wit M. E. Gordon, \$100 <sup>00</sup> per month and D. P. Piers \$100 <sup>00</sup> per month and share the gains and losses in proportion to their investments which are as follows.				
a					M. E. Gordon's Investment				
			224345	2	Cash, Bal. per ledger				
			466018	3	Mdse., Inventory of 5				
			30-	4	Expense, Unexpured rent				
			57995	8	Bills Rec. L. W. Moore Accept.				
			31036	8	" M. T. Wade Note				
			63050	15	C. W. Moore				
					Bills Pay. J. E. Frazer &	8	1250-		
					" N. M. Bland & Co	8	195-		
					J. T. Bruce	16	73350		
					M. E. Gordon's Net Credit	17	627592		
b					D. P. Piers' Investment				
			2500-	2	Cash	D. P. Piers	17	2500-	
c					M. E. Gordon				
			20195	17	Cash		2	100-	
					Loss & Gain		6	10195	
					As per special agreement M. E. Gordon takes out \$100 <sup>00</sup> February salary and turns the balance of profits back into the common fund				
d					Mdse. M. A. Burge & Co				
			246525		Bot. Inv. 760 d 3/10 cash.	18	246525		
					Footings forwarded				
			246525	1115640			1362165		



FEBRUARY 27, 19....

	Cash	Mdse.	Sundries	L.F.		L.F.	Sundries	Mdse.	Cash
(e)		2465 25	11156 40 635 21		Footings bro't forward Hanson & Co. Merchandise Cartage Sales 7. 30d 2/10 C. 1/10 Note —Mar. 1—	✓	13621 65 3 43	631 78	
(f)			100 00 25 00 50 00		Salaries Cash C. W. Burke Paid sala- C. A. Foley rics for T H. E. Student February	✓			175 00
(g)	579 95			✓	Cash Bills Rec. Rec'd Payment C. W. Moore Accept		579 95		
(h)	1485 00		15 00	✓	Cash Bills Pay Int. & Dis. Discounted our note at 60 days at bank.		1500 00		
(i)			31 73		M. A. Birge & Co. Mdse. Returned two brls. Sugar, 705 lbs. which were damaged and unfit for sale.		31 73		
(j)			2433 52 9 42		M. A. Birge & Co. Cash Exchange Mdse. Disct. Remitted by N. Y. Draft for Inv. 7, less credit for returned goods and 3% discount.	✓	73 01		2369 93
(k)			26 50 200 00		—6— Cons. No. 1-G.—Frt. Pd.—Cash Cons. No. 1-G.—Dft. Pd. Rec'd from J. F. Gowdy, Tar- kio, Mo., 250 brls. Apples to be sold on commission and paid charges and draft for advance as above.	✓			226 50
(l)	125 00			✓	—7— Cash — Sales 8 — Consignment 1 50 brls. Jennetings at \$2.50		125 00		
(m)			247 50		H.G.Garrow, Sales 9 Consignment 1 75 brls. Rom. \$2.40 on 60d 2/10 25 brls. Winesaps \$2.70 on 60d 2/10		180 00 67 50		
(n)		1000 00		✓	—8— Mdse. Cash Bo't at special price one car load of dried fruit.	✓			1000 00
(o)			200 00		Praisewater Pro- Mdse. duce Co. Shlp. No. 1 Consigned to P. P. Co for sale on commission, 200 boxes Cal. Prunes, 5,000 lbs, cost 4c	✓		200	
(p)	242 55		4 95	✓	Cash Cons. No. 1 H. G. Garrow H. G. Garrow settles for sale No. 9, less 2% cash discount.		247 50		
(q)			3 29 1 48 1 75 7 75 54 142 89		Cons. 1, J. F. Gowdy, Storage 1% " " " " Guaranty 1% " " " " Int. on Adv. " " " " Commiss'n 2% " " " " Cash-Exch'ge " " " " Cash-Remit.	✓	3 29 1 48 1 75 7 75		54 89
(r)	2432 50	3465 25	15292 93		Closed Cons. and rendered Account Sales with remittance by draft.		16444 04	931 78	3914 86
(s)			3465 25		Dr. Cash Cr.		831 78		
(t)			2432 50		Dr. Mdse. Cr.		3914 86		
(u)			21190 68				21190 68		

Detach this draft from the Pad of Blanks, observe that it is endorsed payable to C. W. Burke & Co., and place it in the firm's Cash Envelope making entry as for the investment of D. P. Pyers in 105 (b). Use the Sundries columns only for all items of the opening entry.

2. The opening entry proper being made, the next step is to make the entry adjusting a special agreement between Mr. Burke and Mr. Foley by which Mr. Foley is to share not only the future gains and losses of the business but is to have a like share of the profits that have already accumulated less \$100 which Mr. Burke will take as January salary. Make entry as in 105 (c), and draw the firm's check in favor of C. W. Burke for the \$100. Omit only one line between entries while using the six-column journal. This special adjustment being really a part of the opening entry, since it reduces Mr. Burke's capital to exact proportions with Mr. Foley's investment, all the figures, including cash, will be placed in the Sundries column and posted from thence.

3. February 24, F. H. Burns remits in full for the sale made on the 21st, by New York draft in favor of C. W. Burke, the form of which is given below.

Form 40



**Citizens State Bank**

No. 827

Guard. Y. S. Feb 22, 19\_\_

Pay to the order of C. W. Burke \$110.53

One hundred ten and 53/100 Dollars

IN COLLEGE CURRENCY.

TO SECOND NATIONAL BANK, {  
NEW YORK, N. Y.

F. E. Morrison Cashier

Detach this draft, Form 40, from your Pad of Prepared Blanks. Observe that by the terms of the sale F. H. Burns is entitled to a discount of 2%, which has been deducted from the \$112.78 balance of account making the amount remitted \$110.53. Accompanying this remittance is a letter similar to the letter presented in 64 but which is omitted from your incoming vouchers at this time to avoid unnecessary repetition of forms. Make entry and debit Cash in the Cash column, and Mdse. Discount in the Sundries column, then credit F. H. Burns in the credit Sundries column and place the draft in your Cash Envelope. Explain entry carefully. Now compare the form of this draft with the one presented in 1 above and note that the former is in favor of the partner and must be endorsed over to the firm while the latter is drawn directly in favor of the firm. Both forms are used. The former is supposed to afford the better receipt for the payment.

4. February 26.—Detach from your Pad of Prepared Blanks form No. 41 which you will observe is the invoice of Schnull & Co., Wholesale Grocers for goods recently ordered. Place the proper memoranda on the invoice. Make entry; explain it carefully and file the invoice for future reference. Observe that the debit of this entry is to be placed in Merchandise column.

5. February 28.—Detach from your pad of Prepared Blanks forms No. 42 and 43. Observe that 42 is an order from Anderson & Anderson for a large quantity of sugar and that 43 is C. W. Burke's draft drawn February 21st for balance of last sale, duly accepted.

(a) Fill in the barrel weights, total pounds, prices, and extensions of the order as in the first item of order in 60 (b) except that the enumeration of barrel weights will take several lines and will therefore necessitate entering all this memoranda at the foot of the order letter instead

of in connection with the item ordered as has been our habit. Sec. 62. Firms often receive orders on postal cards and in a great variety of letter forms and must adapt their billing and shipping memoranda to the circumstances. Route this order by Monon & Burlington Freight as in shipment of February 21, in 62, (a). For general instructions for the routing of goods, see 107. To obtain the weight of these barrels, take the figures from the first 40 barrels' weight of the invoice of Schnull & Co., 7-S, making the term 30ds, 2-10c, 1-10, 30d.-note 6%, and charging the sugar at \$4.95 net. You will also charge cartage on this sale, 50c per ton, see 105 (e).

(b) File the order in your voucher file numbering it 8 and deliver the bill into the Vouchers for Others Envelope. In making entry refer to the Order by sales number instead of itemizing. See 105 (e).

(c) Before placing the draft in your cash drawer make a careful record of it in your bill book, opening at the first double page of the Bills Receivable side of the book where you copied all the records shown in text book as required in 69 (c). Then record this acceptance of Anderson & Anderson as the acceptance of McConnell & Co., No. 2 in the bill book, is recorded.

(d) While you have the bill book before you, you will now turn to the Bills Payable side and see that on the first pair of pages therein you have copied the record of notes payable shown in the text book in 68, as required in 69 (c).

6. March 1.—Take from your pad of Prepared Blanks form No. 44 which you will observe is your bank's signature card. Fill it out with the new firm signature, C. W. Burke & Co. (per your own name). Next take from your Cash Drawer the check received from F. H. Burns on February 21, and the draft received on the 24th, the draft of C. A. Foley for \$2,500 and the acceptance just received from Anderson & Anderson, and prepare to deposit them in the bank. Observe,

1st. that the check and draft of the F. H. Burns and the Anderson acceptance are in favor of C. W. Burke, and endorse each of these first with the name, C. W. Burke, just as it appears on the face of the paper, then beneath the endorsement, write the new firm name, "C. W. Burke & Co.," per your own name. The draft of C. A. Foley, being endorsed in favor of the new firm by Mr. Foley, will need only the endorsement, C. W. Burke & Co., per your own name. The acceptance of Anderson & Anderson will need the same endorsement as the check of F. H. Burns, and as it is not cash it will be put into the bank by "discounting" it, that is, selling it to the bank at a discount. Its time to run being 30 ds. from date of acceptance, February 25, it will be due March 27th and the bank will discount it for 26 days at 6%, \$3.74. List this as shown in the attached form of deposit ticket. Remember that the discounting of Anderson & Anderson's acceptance will require a formal entry debiting Cash for the amount of credit allowed at the bank and Interest and Discount for the discount, and crediting Bills Receivable for the face. Make also B. B. record in collection data.

## GARDEN CITY BANK

DEPOSITED BY

C. W. Burke & Co.  
COLLEGE CITY, Mar. 1, 191—

PLEASE LIST EACH CHECK SEPARATELY.

Currency		
Silver		
Gold		
CHECKS AS FOLLOWS:		
<u>Citizens State Bank</u>		
<u>Girard, N. Y.</u>	100-	
<u>Second Nat'l, N. Y.</u>	110 53	
<u>West Trust &amp; Sav-</u>		
<u>ing Bank, N. Y.</u>	2500-	
<u>Accept of And. &amp; And.</u>		
<u>Face</u>	\$86 26 1/2	
<u>Dis 60p 26d</u>	3 74	859 93
	Total, \$	357 04 1/2

7. (a) Draw the firm's check for the payment of rent, signing the check with the new firm signature. Enter the debit in the Sundry column and the credit in the Cash column. Place the check mark (✓) in the posting column opposite the entry, *Cash*, to indicate that it is not to be posted as a separate item and if you have not hitherto done this, as per illustration in 105 (d) of the journal, go back over your journal work and place similar check marks opposite each item of cash or merchandise, that is, each item that is not placed in the sundry column.

(b) Draw a second check in favor of *Cash* for \$175, to pay salaries and make entry as shown in 105 (f). Observe that in posting this entry all the debit items go to Salaries, but separately in order that they may stand itemized in this account.

(c) Detach from your Prepared Blanks Form 45, water bill, and pay it in currency from your cash drawer.

8. March 3.—Detach from your pad of Prepared Blanks form No. 46, observing that it is a check from McConnell & Co., in payment of their acceptance for \$648.47, and make entry, debiting Cash and crediting Bills Receivable. Explain the entry carefully, then turn to your bill book recently copied from your text, and observe the record which shows that you have received and hold such paper. Complete the record by writing, in the Collection Data columns, a full record of the amount, manner and date of payment with the page of the journal entry in the C. B. column. See memoranda for note No. 3.

9. March 5.—Detach from your Prepared Blanks form No. 47, observing that it is a note by Anderson & Anderson in settlement of the sale made to them on February 28 less 1%. Make entry, observing that all items are entered in the Sundry column, there being neither cash nor merchandise in this transaction. Place the note in your cash drawer, first turning to your bill book and making therein a complete record of the note, similar to the records already made for other notes received.

10. March 6.—Detach from your Prepared Blanks form No. 48, a second invoice from Schnull & Co. Place filing data on the invoice and make entry as for former invoices received. Observe that the terms of this bill allow you a 3% discount for cash within 10 days. Desiring to take advantage of this discount and not wishing to allow your bank balance to be less than \$2,500 at this time in the month you note that the balance of your cash account will not allow you to do this and meet other obligations that are maturing (see note favor Armour & Co., in your bill book or in 68), hence you make arrangements with the bank to borrow \$500, giving your note at 60 days without interest for the amount. Draw up a joint and several note (see 55 (c) for form) in favor of your bank and sign it with the firm name per your own. Since banks usually require two signatures as indicated by this form of note you may ask your teacher to sign the note with you. Next make a record of this note in your Bills Payable book, then go to your teacher taking with you your bank envelope and pass book, that he may make the proper entry of the deposit as banker. If your teacher has directed that you go to the College bank for this work instead of to him, do so. Observe that the credit given you in your pass book for this note is \$495, or the face of the note less interest for 60 days at 6%, and make entry in check book for this amount as you would for a deposit. The explanation on the left hand stub being *Discounted our note at 60d, for \$500 less discount \$5, \$495*. Then make entry in your journal debiting Cash for the \$495 in the Cash column and Interest and Discount in the Sundry column for \$5, and crediting Bills Payable in the credit Sundry column for the full amount of the note, \$500. See similar entry in 105 (h).

12. March 10.—Two barrels, 705 pounds, of the sugar included in your second invoice from Schnull & Co., Invoice No. 8-S, is reported damaged, and you will write the company stating the facts and billing it back to them with the statement that you have charged it to their account and hold it subject to their instructions, requesting that they credit your account for the amount.

13. Detach from your pad of Prepared Blanks Form 50, which you will observe is a notice from the Corn Exchange Bank that they hold for collection your note in favor of Armour & Co. due as per your bill book. Draw the firm's check in favor of Corn Exchange Bank, Chicago, for the amount of the note. Take this check to your teacher with your Vouchers for Others envelope and ask him to receipt the note and return it to you.

14. March 13th. Detach from your pad of Prepared Blanks, Form 51, which you will observe is another notice, from your bank. F. H. Burns, of Girard, has shipped you for sale on commission a quantity of butter and eggs out of an overstock, as per the Invoice of Shipment following, Form 52, which you will detach from your Prepared Blanks and keep before you while making entries.

(a) Form 52.

Form 52.

RECEIVED	.....19.....
ENTERED	.....
NO AND FILE LETTER.....	

**F. H. BURNS**  
DEPARTMENT Store

GIRARD, Y. S., March 11, 1911

PRODUCE.

INVOICE OF MERCHANDISE

CONSIGNED TO C. H. Burke

ADDRESS College City, Y. S.

SHIPPED BY F. H. Burns TO BE SOLD FOR

ACCOUNT AND RISK OF F. H. Burns

CONSIGNORS

100	bxs Butter				
150	cart. Eggs				

(b) The consignor has drawn on you through the State Bank of Girard for an advance of \$300 on account of this shipment, and the State Bank of Girard has forwarded the draft to your bank for collection, as stated in the notice, Form 51. The draft is secured by the bill of lading (the R. R. Co.'s shipping receipt for the consignment). Draw the firm's check in favor of your bank for \$300, the amount of the draft as per your notice. Deliver this into the Bank Envelope and detach from Prepared Blanks the receipted draft Form 53, which having been cancelled by the bank appears as follows:

GIRARD, Y. S., March 11, 1911



CUSTOMER'S DRAFT.

At sight

PAY TO THE ORDER OF The State Bank of Girard \$ 300.00

Three hundred and no/100 DOLLARS.

IN COLLEGE CURRENCY. VALUE RECEIVED, AND CHARGE THE SAME TO ACCOUNT OF

TO C. H. Burke

College City, Y. S.

F. H. Burns

MAR 15 1911

Place this receipted draft in your Voucher File, Envelope No. 2, as a receipt, and detach Form 54, the Railway Shipping Receipt or Bill of Lading from your Prepared Blanks. This entitles you to possession of the goods upon payment of the freight charges. Hand this to the Carting Co.

that does your hauling by placing it in Vouchers for Others, and they will advance the freight charges and deliver the goods at your store, presenting to you both their bill and the receipted Freight Bill of the R. R. Co. These bills are in form as presented below.

Form 55

## FREIGHT BILL.

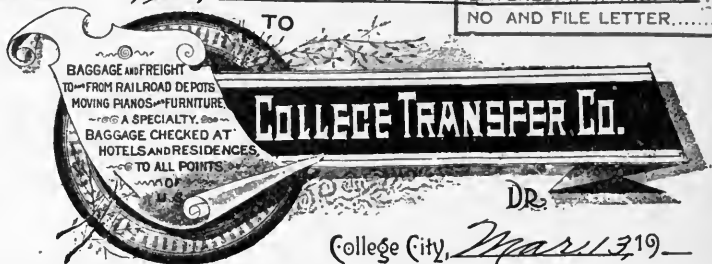
Consignee C. W. Burke & Co. Pro. College City, Y. S., March 11 19  
 Destination College City, Y. S. Date of W. B. March 11 W. B. No. 11499  
 Via St. L. & S. F. Car Initials P. C. C. & St. L. Car No. 449944  
On COMMERCIAL COLLEGE Consignor F. H. Burns  
RAILWAY COMPANY Dr. Original point of Shipment Girard, Y. S.  
 For charges on articles way-billed from Girard, Y. S. via St. L. & S. F. R. R.

No. of Pkgs.	ARTICLES AND MARKS.	WEIGHT.	Rate.	FREIGHT.	Advances.	TOTAL.
100	bxs. Butter	10000				
150	cases Eggs	15000	22¢	55 00	22 13	77 13

Connecting Line Reference, <u>St. L.</u>	Received Payment, <u>W. E. Jackson</u> Freight Cashier.	Total to Collect, <u>77 13</u>
Original Way-Bill Number, <u>17352</u>	<u>191</u>	Drayage,
Original Car, <u>P. C. C. &amp; St. L. 449944</u>	Original Paid Freight Bills should accompany all claims for Overcharge, Loss or Damage.	



BRANCH OFFICE  
 NEAR S. F. DEPOT.  
 TELEPHONE NO 783



RECEIVED.....19.....  
 ENTERED.....  
 NO AND FILE LETTER.....

Date	Pkgs	Kind	From	To	Weight	Amount
191- Mar. 13	100	Butter	Car	Store	10000#	1 25
13	150	Eggs	"	"	15000#	2 00
						3 25
					Freight advanced	77 13
					Total to pay	80 38

Detach these bills, Forms 55 and 56, from your Prepared Blanks and draw the firm's check for the total amount of the Carting Co.'s bill, observing that it includes the advances for freight. Place the check in Vouchers for Others and the receipted bills in your Invoice File as instructed in 52 (d).

(c) Make separate entries for these three payments,—the draft, the freight bill, and the cartage bill, charging *Consignment No. 1, F. H. Burns*, with each, with the proper explanation, and crediting Cash. For the form of this entry see six-column journal, 105 (k). Place the usual filing



data in the stamped form on the Invoice of Shipment (detached Form 52, numbering it, B-9, then before filing it in the Invoice File, turn to your ledger and at the top of Page 13 open an account with this consignment, following the form shown in 25 following, both as to the title of the account and as to the dated memoranda of the merchandise received, taking all the data from this invoice (see first two lines on debit side of form) and posting nothing from the journal at this time. In advanced work the record will go into the loose-leaf consignment ledger. Index the account at once.

15. March 16.—Bought today at a special price a car of California dried fruit shipped by the Santa Clara County Fruit Exchange to your city for a jobber who has been unable to make payment in advance as per requirements of the sale. You are to pay \$1,000. Draw the firm's check for the amount; place it in the Vouchers for Others envelope and make entry charging cash and crediting merchandise, there being no reason for opening an account with the Fruit Exchange. (See 105 (n) for entry).

16. March 21.—Draw a sight draft on McConnell & Co., in your favor for the amount of the sale made to them on February 20. Do not make entry as in 53 but place this draft in the bank for collection as instructed for note of J. C. D. & Co. in 45 (b). See also 53, Footnote 1.

17. March 22.—Detach from your pad of Prepared Blanks the checks represented by forms Nos. 57, 58, 59, 60, and 61, aggregating \$1,660 for sales of dried fruits made to local dealers. Make entry in your six-column journal debiting cash and crediting Mdse. with the explanation *Cash sales*. (Sec. 17.) Prepare a deposit ticket and deposit in the bank all checks on hand endorsing each properly before presenting them for deposit. These sales have been made out of the car of California dried fruit which will be classified Miscellaneous.

18. March 23.—There being still a quantity of the car-load of fruit on hand you will make a shipment of 200 boxes Santa Clara Prunes to H. B. Wellman & Co., College Center, to be sold for you on commission. Make entry charging *H. B. Wellman & Co. Shipment No. 1* and crediting Merchandise for the estimated cost of the prunes, 5,000 pounds at 4c. Open an account in your ledger on Page 14 for this shipment and index it before proceeding. For form of this entry see 105 (o). Now make out the shipping invoice following the form in a, above. Then take

For use in connection with the Standard Form of Straight Bill of Lading approved by the Interstate Commerce Commission by Order No. 787 of June 27, 1908.

COMMERCIAL COLLEGE RAILWAY COMPANY										Shipper's No. <u>798</u>																								
THIS SHIPPING ORDER must be legibly filled in, in Ink, in Indelible Pencil, or in Carbon and retained by the Agent.										Agent's No. _____																								
<p>RECEIVE, subject to the classifications and tariffs in effect on the date of issue of this Shipping Order.</p> <p>at College City, <u>March 23, 191</u> From <u>C. W. BURKE &amp; COMPANY</u></p> <p>The property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said company agrees to carry to its usual place of delivery at said destination, if on its road, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including Conditions on back hereof) and which are agreed to by the shipper and accepted for himself and his assigns.</p> <p>The Rate of Freight from <u>College City, Y. S.</u></p> <p>to <u>College Center, Y. S.</u> is in Cents per 100 lbs.</p> <table border="1"> <tr> <td>IF...Times 1st</td> <td>IF 1st Class</td> <td>IF 2d Class</td> <td>IF Rule 25</td> <td>IF 3d Class</td> <td>IF Rule 26</td> <td>IF Rule 28</td> <td>IF 4th Class</td> <td>IF 5th Class</td> <td>IF 6th Class</td> <td>IF Special per _____</td> <td>IF Special per _____</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td><u>18¢</u></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p>(Mail Address—Not for purposes of Delivery.)</p>											IF...Times 1st	IF 1st Class	IF 2d Class	IF Rule 25	IF 3d Class	IF Rule 26	IF Rule 28	IF 4th Class	IF 5th Class	IF 6th Class	IF Special per _____	IF Special per _____					<u>18¢</u>							
IF...Times 1st	IF 1st Class	IF 2d Class	IF Rule 25	IF 3d Class	IF Rule 26	IF Rule 28	IF 4th Class	IF 5th Class	IF 6th Class	IF Special per _____	IF Special per _____																							
				<u>18¢</u>																														
<p>Consigned to <u>H. B. Wellman &amp; Co.</u></p> <p>Destination, <u>College Center</u> State of <u>Y. S.</u> County of <u>Urown</u></p> <p>Route, _____ Car Initial _____ Car No. _____</p>																																		
No. Pkgs.	DESCRIPTION OF ARTICLES AND SPECIAL MARKS.				WGT.-Sub. to Cor.	Class or Rate	Check Col.	If charges are to be prepaid, write or stamp here, "To be Prepaid."																										
<u>200</u>	<u>Boxes Santa Clara Prunes</u>				<u>4000</u>	<u>3</u>		<p>Received \$_____</p> <p>to apply in prepayment of the charges on the property described hereon.</p> <p>Agent or Cashier.</p> <p>Per _____</p> <p>(The signature here acknowledges only the amount prepaid.)</p> <p>Charges Advanced:</p> <p>\$_____</p>																										

C. W. Burke & Co., Shippers, Per H. B. Wellman

Agent must detach and retain this Shipping Order and must sign the Original Bill of Lading.



## CAMPBELL'S ACTUAL ACCOUNTING

Uniform Bill of Lading—Standard Form of Straight Bill of Lading approved by the Interstate Commerce Commission by Order No. 787 of June 27, 1908.

B

## COMMERCIAL COLLEGE RAILWAY COMPANY

Shipper's No. 798

STRAIGHT BILL OF LADING—ORIGINAL—NOT NEGOTIABLE

Agent's No.

RECEIVED, subject to the classifications and tariffs in effect on the date of issue of this Original Bill of Lading.

at College City, March 23, 191

From C. W. BURKE &amp; COMPANY

The property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said company agrees to carry to its usual place of delivery at said destination, if on its road, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including Conditions on back hereof) and which are agreed to by the shipper and accepted for himself and his assigns.

The Rate of Freight from College City, Y. S.

to College Center, Y. S.

is in Cents per 100 lbs.

IF Times 1st	IF 1st Class	IF 2d Class	IF Rule 25	IF 3d Class	IF Rule 26	IF Rule 28	IF 4th Class	IF 5th Class	IF 6th Class
				18¢					

IF Special  
perIF Special  
per

(Mail Address—Not for purposes of Delivery.)

Consigned to H. B. Wellman &amp; Co.

Destination, College Center

State of Y. S.

County of Urown

Route,

Car Initial

Car No.

No. Pkgs.	DESCRIPTION OF ARTICLES AND SPECIAL MARKS.	WGT.—Sub. to Cor.	Class or Rate	Check Col.	If charges are to be prepaid, write or stamp here, "To be Prepaid."
200	Boxes Santa Clara Prunes	4000	3		Received \$ to apply in prepayment of th charges on the property describe hereon. Agent or Cashier. Per (The signature here acknowledges only the amount prepaid.) Charges Advanced: \$

C. W. Burke &amp; Co. Shippers. Per T. N. E. L. F. E. Bowman Agent, Per

(This Bill of Lading to be signed by the shipper and agent of the carrier issuing same)

For use in connection with the Standard Form of Straight Bill of Lading approved by the Interstate Commerce Commission by Order No. 787 of June 27, 1908.

C

## COMMERCIAL COLLEGE RAILWAY COMPANY

Shipper's No. 798

THIS MEMORANDUM is an acknowledgment that a bill of lading has been issued, and is not the Original Bill of Lading, nor a copy or duplicate, covering the property named herein, and is intended solely for filing or record.

Agent's No.

RECEIVED, subject to the classifications and tariffs in effect on the date of the receipt by the carrier of the property described in the Original Bill of Lading.

at College City, March 23, 191

From C. W. BURKE &amp; COMPANY

The property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said company agrees to carry to its usual place of delivery at said destination, if on its road, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including Conditions on back hereof) and which are agreed to by the shipper and accepted for himself and his assigns.

The Rate of Freight from College City, Y. S.

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				18¢					

IF Special  
perIF Special  
per

(Mail Address—Not for purposes of Delivery.)

Consigned to H. B. Wellman &amp; Co.

Destination, College Center

State of Y. S.

County of Urown

Route,

Car Initial

Car No.

No. Pkgs.	DESCRIPTION OF ARTICLES AND SPECIAL MARKS.	WGT.—Sub. to Cor.	Class or Rate	Check Col.	If charges are to be prepaid, write or stamp here, "To be Prepaid."
200	Boxes Santa Clara Prunes	4000	3		Received \$ to apply in prepayment of th charges on the property describe hereon. Agent or Cashier. Per (The signature here acknowledges only the amount prepaid.) Charges Advanced: \$

C. W. Burke &amp; Co. Shippers. Per T. N. E. L. F. E. Bowman Agent, Per

your pad of Freight Receipts, or Bills of Lading, and make out the triplicate forms, following the forms marked A, B, and C, preceding, observing that

(a) The form, A, goes with the goods to the R. R. Co., and is signed by the shipper; B and C are signed by both the shipper and R. R. Agent and belong to the shipper; B is the original Bill of Lading and is the one that is sent to the consignee with the invoice (compare with Form 54), while C is retained by the shipper for reference and filing.

(b) When you have prepared these forms ask your teacher to sign as R. R. Agent, then place form A at once in Vouchers for Others to signify the delivery of the goods to the R. R. Co. Fasten form B to your shipping invoice just made out and place it also in Vouchers for Others to signify mailing it to the consignee, then place C in your Filing Envelope No. 2 as a receipt.

19. March 24.—The butter and eggs shipped by F. H. Burns have been sold as follows:

For cash	50 crts.	Eggs,	1500 doz.	@	17½c	to B. Elmer & Co.
On 60 da.	75 bxs.	Butter,	7500 lbs.	@	30c	to Park Grocery Co.
On 60 da.	25 crts.	Eggs,	750 doz.	@	18c	to Park Grocery Co.
On 30 da. 2/10	25 bxs.	Butter,	2500 lbs.	@	30c	to F. Blackie.
On 30 da. 2/10	75 crts.	Eggs,	2250 doz.	@	17¾c	to F. Blackie.

Detach from your pad of Prepared Blanks Form 62, a check received from sale to B. Elmer & Co. Make entry for this check and the sale for which it pays in one entry as in 105 (l). Then make entry for each of the other items of sale separately and explain fully. Place the cash in your cash envelope. Observe the separate credits in the form of entry presented in 105 (m).

20. March 28.—F. Blackie settles in full for his purchase less 2%. Detach his check, Form 63, from your pad of Prepared Blanks; place it in your cash envelope and make entry as in 105 (p), payment of H. G. Garrow for consignment goods. Observe that this discount is not your loss and must be charged to the consignment.

21. Detach from your pad of Prepared Blanks Forms 64 and 65 observing that they are the account sales from H. B. Wellman & Co., for the prunes recently consigned to them to sell, with their check for the amount. Make entry debiting Cash and crediting, *H. B. Wellman & Co. Shipment No. 1*. Place the check in the cash drawer and file the Account Sales, placing it in Envelope No. 2. The form of Account Sales is shown on page 128.

22. Add your journal columns in pencil and prove that the sum of the three debit columns equals the sum of the three credit columns, then post to the ledger all the items in the two Sundries columns, first observing how consignment items are posted. See 25.

23. Now, **without posting either Cash or Merchandise columns**, prove your cash on scratch paper as follows: Take first the total debit of cash posted to your ledger from the Sundries columns (this should be only the cash items of the opening entries) and add to this the penciled footing of the debit Cash column of the journal. This should give the total cash debit. Find the cash credit in the same way; the difference between the debit and credit thus found should equal the cash on hand and in your bank, as in other proofs. As soon as your Cash proves, **make your bank deposit**, depositing all checks, bank drafts, and currency on hand—everything that has been entered as cash. Prepare your deposit ticket carefully and be particular to see that all checks and drafts are properly endorsed. See 17 and 18.

24. When Cash proves, **take a trial balance** or rather **an abstract of the accounts** in your ledger taking carefully all the penciled footings of each account both debit and credit. This abstract of your ledger will not balance, but the difference between the footings should equal the difference between the footings of the Sundries columns in the journal and when it does this, your ledger is correct, **if your journal balances**, and this proof is in every way equal to that of a trial balance. You are not instructed to rule and close the journal and post Cash and Mdse. at this time because there is to be one additional transaction, the settlement of the F. H. Burns consignment; and yet at this time and at all times when consignments are to be settled, we must know that our ledger accounts are correct. **Never settle a consignment account from an unbalanced ledger.**

**SALES OF MERCHANDISE**On account of L. M. Burke & Co.College City, Y.S.Invoice No. 3425

Received,

Mar 24, 1911

Invoice Date,

Mar 23, 1911

By

**H. B. WELLMAN & CO.****COMMISSION MERCHANTS**

AND DEALERS IN ALL KINDS OF

**FRUITS & PRODUCE**College Center, Y. S. March 28, 1911

		Received			
		<u>200 Bx Santa Clara Prunes, 4000*</u>			
		CHARGES		SALES	
<u>Mar.</u>	<u>24</u>	Freight or Express	10 23	140 -	100 lbs, 2000*, Cash, 7¢
	<u>24</u>	Cartage	1 50	64 -	40 " 800*, 30¢ 8¢
	<u>28</u>	Commission	6 12	102 -	60 " 1200*, 60¢ 8¢
		Insurance			*
		Storage			
		<u>Guarantee 1%</u>	1 65		
		Total Selling Expense	19 50		
		Net Proceeds (Bal.)	286 50		
		Total Sales	306 -		*
		Net Proceeds (Bro't Down)	286 50		
		Advances \$			
		Interest on \$			
<u>28</u>		Remittance	286 50		
		Exchange	1 -		
		Draft	285 50		
					*

\* The form of account sales presented above and followed in general in this text book, while radically differing from anything heretofore presented in a college text, has the advantage of the endorsement of every business man to whom it has been submitted for criticism, and the support of the practice of a great many who have never seen it, yet whose practice has in part suggested it. The plan of excluding advances, interest on advances and similar charges against consignments from the total selling expense, while endorsed by all commission accountants and practiced by the larger and more important commission merchants, is not followed in any other text that has come under the author's knowledge. The method of paralleling the charges

25. When your books are posted and proved as above, turn to the account with Consignment No. 1, F. H. Burns; it should appear in your ledger itemized and explained exactly as follows. If it does not, you are in error. Make your work correct on this point before proceeding.

*Consignment No. 1. F. H. Burns Guard*

Mar	13	Rec'd 150 crts. Eggs			Mar	24	50 crts. Eggs 1500 doz at 17 1/2¢	4	262 50
	13	" 100 lbs. Butter				24	75 lbs. Butter 7500*	30¢ 4	22 50 -
	13	Pd. Advt. by drft.	3	300 -		25	25 crts. Eggs 750 doz.	18¢ 4	135 -
	13	" Freight	3	77 13		25	25 lbs. Butter 2500*	30¢ 4	750 -
	13	" Cartage	3	325		26	75 crts. Eggs 2250 doz. 17 1/2¢	4	399 38
	28	Cash discount	4	22 99					

26. In the above account you will note that 150 crts. of eggs and 100 bxs. of butter were received and that the same quantities of each have been sold showing that the entire consignment has been disposed of and that you are ready to render an account sales. Take an account sales blank and copy thereon all of the items posted above, in their proper places, as shown in the account sales rendered you by H. B. Wellman & Co. Check the items thus copied as the same items are checked in the account sales of H. B. Wellman & Co. Then proceed to enter on the account sales blank. Storage at 1c per box or crate per week, \$3.29; guaranty at 1% on \$2,385.00 not yet collected, \$23.85; interest on \$380.38 advanced for draft and freight payment, 18 days at 6%, \$1.14, and interest on \$2,385, the amount of the sale to the Park Grocery Co. on 60 days, for the 53 days between this date and maturity, \$21.06, making a total of \$22.22. Lastly, charge commission on the total sales, \$3,796.88@2%, \$75.93. Adding these total charges and deducting from the total sales you have the amount of the remittance, which you may write in the line marked Net Proceeds. Draw the firm's check in favor of F. H. Burns for \$3,291.23 net proceeds and place it in Envelope No. 5, then enter in your journal these items newly placed on your account sales (you will distinguish them from the others by the check marks placed against the others) following the form of entry presented in 105 (q), except that you will have no item of exchange since you make remittance in this instance by your own check. Explain the entry fully as shown in 105 (q).

27. March 31.—Post the entries made in the Sundry columns since last posting. Add all columns in pencil and since you have proved Cash in 23 above, you will now rule the six-column journal as shown in the form in 105 (r) and bringing the footings of the special columns into the Sundries columns as in 105 (s) and (t), you will post the footings of merchandise and cash to their respective accounts in the ledger, and will rule, foot and double rule the journal as in 105 (u). Rule and close Cash in the ledger and take the usual trial balance of the face of the ledger (pencil footings, except cash which should show only the balance brought down), then proceed to copy on a page of journal paper (and to work out as indicated) the following, Inventory of Merchandise.

and sales in center columns, and yet not using the debit column wholly for debits below the point where the consignment proper is balanced and the Net Proceeds "brought down" (on the wrong side from the standpoint of formal bookkeeping), has received universal commendation, in that it permits a larger use of the sales column, permits carrying forward sales to additional sheets, to any extent whatever, and yet shows the settlement of the entire consignment on the sheet on which the receiving record is made. Observe that the sales column is not footed to avoid giving the student a positive copy or form. The footing may immediately follow the items, or if the items be few, may be placed opposite the debit Total Sales item, or if the sales side be full or should run over to a second sheet, it will properly come at the foot of the sales items.

28

## INVENTORY OF MERCHANDISE, March 31, 191 .

Pillsbury's Flour	225 brls.	5 00	....	--
	16 "	5 75	..	--
	186 "	5 50	....	--
Total Inventory, Department B	- - - -		....	--
Granulated Sugar	26463 lbs.	4 50	..	--
Total Inventory, Department C	- - - -		..	--
Eng. Break. Tea	240 lbs.	33 1/3¢	..	--
Uncolored Jap. Tea	180 "	33 1/3¢	..	--
Inventory of Tea	Department D	- - - -	....	--
Star Sliced Bacon	50 doz.	2 45	...	--
VB Corned Beef	200 "	1 70	...	--
VB Roast Beef	50 "	1 70	..	--
VB Corned Beef Hash	100 "	1 65	...	--
VB Chicken Loaf	10 "	1 80	..	--
VB Roast Mutton	20 "	1 80	..	--
VB Bnls. Pigs Feet	25 "	1 65	..	--
Columbia Bologna	20 "	2 00	..	--
Star Hams	425 lbs.	12 1/2¢	..	--
Inventory of Meats, Dep't D	- - - -		....	--
Total Inventory, Department D	- - - -		....	--
Apples, Roman Beauty, 100 brls.		2 40	...	--
" Jennetings, 70 "		3 00	...	--
Total Inventory, Department E	- - - -		....	--
Glassware, Tumblers	2 gross	8 55	..	--
Bellshaped Tumblers	2 "	9 30	..	--
Wines	1 "	13 50	..	--
Saucer Champ.	4 "	20 25	..	--
Hdld. Lemonades	1 2/3 "	32 40	..	--
Total Inventory, Department F	- - - -		....	--
Total value of Merchandise in all Departments			....	--

29. **Other Inventories:** Observe that this being the end of the month, there is no resource inventory for unused rent in the Expense account, but that there is a liabilities inventory for the water rent for March the bill for which will not come in until the 1st. Also in Salaries you will find a liabilities inventory as in 77 (b).

30. Before proceeding to make out a balance sheet, you should prove the accuracy of the merchandise transactions as far as possible. Turning to the Merchandise account in the ledger, you observe that it appears in debit and credit items as follows:

Feb 22	Inventory	3936 01	Mar 10	Merch Retired	3	31 73
Mar 31		4 2824 17			4	200 -
		67 60 17			4	2344 78
						2576 15

Observe that on the credit side there are two items that were entered in the sundries column and posted separately, both of them because they are not regular sales, the first being returned merchandise and the second a quantity of goods consigned to a commission merchant and charged to the shipment at cost. Note carefully how these figures are handled in working out the Expert Report on the page following.

(a) The inventory that appears at the head of the debit column is entered on line 1 in the Totals column and distributed into the Class or department columns exactly as it appears in the Inventory line of the proof shown in 76 (a) at the time of Mr. Burke's previous closing on February 21.

(b) The purchases of merchandise as shown by the debit ledger footing are next distributed to their respective classes. The purchases of sugar being a regular transaction are assigned to Class C, and the car load of dried fruit being a lump purchase and being sold without any fixed per cent. of profit is assigned to Class A, Miscellaneous. To this class also we will assign the returned merchandise. We have already assigned the shipment to this class as it is included in the carload of dried fruit of which it was a part. To this class also may at any time be assigned goods sold at cost to partners or to employees, the cost amounts of the classes from which these goods were sold being reduced correspondingly. Or a separate column may (if deemed more convenient) be used for goods sold at cost or returned, on which there would be no profit, and another for goods on which there is no regular per cent. of profit. The ingenious student should be able to work out many of these situations for himself thereby developing his ability to originate plans of proof when thrown on his own resources.

The feature of loading for expenses not having entered into our plans in this Practice, no figures appear in that line.

(c) Adding all numbers in each column gives on Line 4, the Total cost of goods, both as a whole and by departments.

On Line 5, is entered the present inventory by departments. Observe that there has been no change in inventory except in Class C, and in the Total column.

(d) To add the per cent. of profit it becomes necessary so far as Class A is concerned to see what the Class A goods sold for. This in a classified or department business would be done in advance through a special column salesbook. As you have not yet advanced to the use of such books, you will need to pick out the sales of these goods from among your other sales. As there has been but one sale of other goods considered in this practice, you may easily obtain the amount for which these Class A goods sold by taking the difference between the sale of Class C goods and the total sales, which gives \$1,891.73 and taking the difference between this sum and the Cost of Goods Sold in Class A, gives a profit of \$860. Enter this on Line 7. Then compute the profit on Class C goods at 10% of the cost figures on Line 6 and carry the sum of these profits into the Totals column on the same line.

The rest of the work is as in other Expert reports and will be easily followed by the student as he studies the report itself, as shown below.

Expert Report on business Of <u>Campbell's</u> Date <u>May 31</u> 19 <u>19</u>		Totals	Class A Miscellaneous No Fixed Per Cent.	Class B Flour Listed to Sell at 5% Profit	Class C Sugar Listed to Sell at 10% Profit	Class D Smoked and Canned Meats and Tea 20% Profit	Class E Fruits and Other Goods in Bulk 16 2/3% Profit	Class F Glassware Listed to Sell at 11 1/3% Profit
		Inventories, Purchases, Etc.						
1	Last preceding inventory	393601		2240—	2092	104089	450—	18420
2	Add purchases of merchandise	282447	103173		179244			
3	Add loading for expense							
4	Gives total cost	676048	103173	2240	181336	104089	450—	18420
5	Deduct present inventory	510592		2240	119083	104089	450—	18420
6	Gives cost of goods sold	165426	103173		62250			
7	Add percent of profit	92225	860—		6225			
8	Sales should be	257651	189173		68478			
9	Sales per ledger are	257651	189173		68478			
10	Line 8 less line 9 shows errors							
12	Line 8 less line 6 shows what Gains should be	92225	860—		6225			
13	Line 9 less line 6 shows what Gains are	92225	860—		6225			
14	Line 12 less line 11 shows Errors							



31. Proceed to make out a balance sheet as instructed in 78 to 81, except that the distribution of loss or gain will be between two partners instead of one, and will alter the closing of the Balance Sheet as instructed in 81, as follows:

(a) First, prove the footings of all columns as in 79 (m); then find the difference between the footings of the Losses and Gains columns, and dividing it by three, separate it into two parts, two-thirds of it belonging to Mr. Burke and one-third to C. A. Foley and make two red ink entries to close the columns as in the form below.

(b) Second, bring down separately each partner's net credit and add thereto his share of the gain, extending the total into the Liabilities column as shown in the form.

(c) Form for Closing Balance Sheet in a Partnership. (Compare this with the closing of the balance sheet in 80. Observe that this does not form a key to your present work, but only a form for illustration.)

<i>Column Footings</i>	723229	723229	284-	155992	1145442	217850
<i>M. E. Gordon's Net Gain 78</i>			79745			
<i>D. P. Foley's " " 78</i>			47847			
			155992	155992		
<i>M. E. Gordon's Net Investment</i>		5000-				
<i>" " " " Gain</i>		79745				
<i>" " " " Present Worth</i>						579745
<i>D. P. Foley's Net Investment</i>		3000-				
<i>" " " " Gain</i>		47847				
<i>" " " " Present Worth</i>						347847
					1145442	1145442

(d) Proceed to close your ledger carefully following in general the instructions in 82 to 84 but closing the Loss and Gain account with two red ink entries, one for the amount of each partner's gain, as shown in the Losses and Gains columns of your balance sheet, and transferring each to the respective partner's account, as you did the gain of Mr. Burke in the former closing.

(e) After closing the ledger take a second trial balance to prove that your closing has been done correctly, being careful to take into this balance only the pencil footings of accounts that have not been closed and where an account has been closed, only the figures that have been brought down below the double closing lines. Then make out a Business Statement, or Analytical Balance Sheet, in the form shown in 86 except the Distribution of Gain which will be as follows:

(f) Business Statement of C. W. Burke & Co., March 31, 1911.

DISPOSITION OF GAIN.

C. W. Burke's Net Investment,	5000	00		
" " " " Gain, - Two thirds of total gain,	492	61		
" " " " Present Worth,			5492	61
C. A. Foley's Investment,	2500	00		
" " " " Net Gain, - One third of total gain,	246	31		
" " " " Present Worth,			2746	31
Present Worth of C. W. Burke and Company,			8238	92

(g) Lastly make out the following form of report on a regular blank and copy it neatly into the form following for your teacher's acceptance. There being but two departments of goods in which any business was done, Miscellaneous Class A may be entered as Department A and all the others may be added together and included in Department E. It will make a difference in the inventory figures only.



## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....  
 No. of payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....	.....	.....	Accuracy.....	3	.....	.....
Present inventory.....	.....	.....	Neatness.....	2	.....	.....
Cost of goods sold .....	.....	.....	Orderliness.....	2	.....	.....
Sales of merchandise.....	.....	.....	Records.....	2	.....	.....
Gain, red ink; Loss, black.....	.....	.....	Progress.....	1	.....	.....
Errors: Our fvr. red; cont. black.....	.....	.....	Average.....	.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

191....

## 107. General Directions in Regard to the Acknowledgment and the Shipment of Orders.

One of the most perplexing and yet apparently simple matters that the business college graduate or under graduate has to face when taking up a position in the billing and shipping department of any establishment, is the routing of shipments. Probably very few competent students would be guilty of the blunder made by a shipping clerk in one of the large printing establishments of Cincinnati, when he sent a large quantity of freight to Philadelphia by the Big Four, all the other important railroads of the country going out from the point of shipment, but in a multitude of cases in which the situation is not so clear, the beginner will be honestly puzzled, if, as is the fact in many cases, a number of different railroads radiate from the point of shipment. Whether to send a parcel by mail, express, or freight is perhaps a first question to be decided. If by express, the question, by what company. Often the same point is reached by two or three express companies, usually at the same cost, in which the one giving the quickest service would be chosen. The same questions arise in freight shipments, and while much of the knowledge necessary to become expert at such work can only be obtained in actual office experience, a few suggestions are deemed in place, and very valuable training may be given to the student by any teacher who, having secured a copy of the Shipper's Guide and a good railroad map for students' use will give orally to the student body once or twice a week, a few problems in routing supposed shipments, requiring them to write out the proper memoranda for routing these supposed shipments, and then discussing and pointing out the errors in their memoranda a day later.

(a) When an order is received by the shipping clerk, the items should first be checked and prices and extensions made for billing. The student has already had practice in this work with illustrations, in 55, 60 and 62. In many instances, the customer or the salesman will specify the manner of shipment, and such directions should always be followed in every detail. If no method of shipment be designated in the order, the clerk should take into consideration the size of the shipment and any special conditions which might call for prompt delivery, and should decide whether it is to the customer's best interests to forward by freight or express. Unless there be some special reason, either designated or implied, for shipping by express or mail, the shipment when it is of fifty pounds or more weight should be routed by freight. Unless the terms of the order include prepaid delivery, all freight shipments should go forward collect, unless otherwise requested. Upon smaller shipments, inquiry should be made as to the expense of delivery, and where expense will be saved for the customer by prepaying on express shipment, it should be prepaid and the amount included in the invoice.

(b) The manner of shipment being determined, the next question which arises is the routing. The best assistance for the shipping clerk of which we have any knowledge is the Shipper's Guide, published by The Shipper's Guide Company, Chicago, Illinois. This guide gives in addition to other items, the following information,—It designates the railroads running through the point to which you wish to make the shipment. It gives the divisions of the railroads, the terminal points and the mileage. It designates the Express Companies which operate upon the different roads; states whether there is a post-office at the delivery point, whether it is a money order post-office, and whether the station is what is known as a prepaid station (has no agent); gives information in regard to telegraph offices, rural deliveries, etc. When the delivery point is not located upon a railroad, it will indicate the distance from this point to the nearest points of shipment.

(c) With the Shipper's Guide, the shipping clerk need have no difficulty in the routing of shipments. Where a great deal of shipping is done by freight, it is advisable that the shipping clerk have available for ready reference complete railroad maps of the territory in which the concern with which he is connected operates. This will be found very valuable in instances where the shipments have to travel over two or more railroads before they reach their destination, as it can be readily seen from the map what connecting routes, as indicated by the Shipper's Guide, seem best adapted for prompt delivery service.

(d) When an order cannot be shipped on the day it is received, an acknowledgment of the receipt of the order should go that day to the customer, giving the reason for the delay and stating the time when shipment will be made.

(e) Since the express companies compete closely with the mail service in the matter of expense of transportation of parcels above a certain weight, and since the express company guarantees the safe delivery of the parcels to the extent of the valuation at which it is appraised when shipped, shippers generally give express companies preference over the mail service except in the case of small parcels costing not to exceed 10 or 15c for transportation, or in the case of parcels sent across the international boundary lines, when the mail service is always preferred when possible to use it, since it avoids the special manifest in triplicate required by custom house officials.

(f) Following is a form of Certified Invoice of merchandise for shipment to Cuba, prepared for this text in the office of the Van Camp Packing Co., Indianapolis.

**THE VAN CAMP PACKING CO.**

INDIANAPOLIS, IND

SOLD TO JOHN SMITH &amp; SON

DATE JAN 30, 1911.

ADDRESS HAVANA, CUBA

TERMS 60 DAYS

CASH LESS 1-2 PER CENT TEN DAYS

SHIP TO SAME

C.I.F. HAVANA

FREIGHT PREPAID

BUYER'S NO.

VIA UNION LINE TO NEW YORK,

	QUANTITY		UNITS	PRICE	EXTENSIONS	TOTAL
	25	CS TALL SIZE MILK	25	4.10	102.50	
	10	CS #1 PORK & BEANS T.S.	40	.82½	33.00	
	20	CS #2 PORK & BEANS PLAIN	40	1.25	50.00	185.50

DECLARO QUE SOY EL FABRICANTE DE LAS MERCANCIAS RELACIONADAS  
EN LA PRESENTE FACTURA Y QUE SON CIERTOS LOS PRECIOS Y DEMAS  
PARTICULARES QUE EN ELLA SE CONSIGNAN Y QUE LAS MERCANCIAS  
CONTENIDAS EN DICHA FACTURA SON PRODUCTOS DEL SUELO O DE  
LA INDUSTRIA DE LOS ESTADOS UNIDOS DE AMERICA.

*The Van Camp Packing Co.*  
*per W. H. Hollander Jr. Mgr.*

DECLARO QUE SOY EL AGENTE AUTORIZADO POR.....  
QUE HA SUSCRITO LA ANTERIOR DECLARACION PARA PRESENTAR ESTA  
FACTURA EN LA OFICINA CONSULAR DE CUBA EN ESTA PLAZA, A FIN  
DE QUE SEA CERTIFICADA.

*The Van Camp Packing Co.*  
*per W. H. Hollander Jr. Mgr.*

**GUARANTEE.** Goods on this invoice are guaranteed under the Food and Drug Act of June 30th, 1906.  
**CAUTION.** Don't allow your new stocks to be stacked on top of old stock. Keep your stocks reversed so that your oldest goods will  
always go out first. This will save you spoilage in all classes of goods and save you trouble under changes in Pure Food Law rulings on  
all classes of goods.

## OUTLINE II.

*General Note*—At the foot of every page of the six-column journal, add columns, prove the footings as in 104 (c) and carry the footings forward to the top of the respective columns on the following page.

108. 1 Your work throughout this outline is to be a partnership, but in order that you may have merchandise on hand for sales when you are ready for business, you will, before proceeding to organize your partnership, place orders for merchandise with the firms with whom you have been dealing. Make these orders as near to the limit of their respective price lists as the condition of your bank account will permit, and write with each order a neat business letter stating that the growth of your business is necessitating larger orders and requesting their prompt attention and early shipment. Ask them to bill the goods as usual on 60 days. If you owe any of these companies for former orders, remit by check, as instructed in 108, 11 (a), but make no entry until you have worked to paragraph 11.

2. Consult your teacher and secure a partner for your business who will invest some proportionate part of your present capital, from  $\frac{1}{5}$  or  $\frac{1}{6}$  to  $\frac{1}{2}$ . This partner may either be your teacher or some student whom he may select or to whom he may refer you, leaving you to conduct the negotiations. Draw up your partnership contract similar to the one drawn in your practice in 104, observing that the principal difference between the two contracts lies in the names, amounts and date and that in this you are the party of the first part and the larger investor. Your firm name should be your own name & Company unless that would make two firms of the same name in the schoolroom, in which case you may prefix your initials to the firm name or consult your teacher in regard to some other form of firm name. Draw this partnership contract in duplicate, one copy for each partner. Fold your own copy, noting on the back the names of the parties and the date in the blanks prepared for that purpose, and file it in your Filing Case, Compartment No. 1. The other copy you will hand to your teacher, who will file it with your other reference papers. Understand that these papers become a part of the record you are making, and do your work carefully and neatly.

3. Make an opening entry at the top of the first blank page of your six-column journal in form similar to the opening entry made in your last practice or the form presented in 105 (a) and (b). Open your partner's ledger account on page 2 of your ledger, and index it at once. Having secured an enlargement of your storeroom your rent has been advanced to \$100 per month. Note the amount of rent to be paid, and the proportionate shares of the partners in the opening entry, for your future information.

No. of Pieces	Denom- ination	Amount
3	\$100	\$300.00
1	50	50.00
2	2	4.00
1	1	1.00
1	25¢	.25
1	10¢	.10
9		\$355.35

4. Draw a check in favor of, "Ourselves"<sup>1</sup> for \$355.35 preparatory to drawing the cash from the bank. See section 52, (b). Then endorse your check with your firm name across the back about one inch from the left end and present it to the cashier of the bank with a memorandum of change wanted exactly like the memorandum in the margin which you will copy on a blank ticket. Make no entry for this transaction. Why not?

5. Using part of the cash obtained in 4, pay your rent for one month in advance at the Real Estate Office or at the teacher's desk and take a receipt for payment. See 91, 3, for full instructions. Make entry as in your practice. Observe that you were directed not to make an entry for the transaction in 4 above. The reason is that no business was done; cashing the check was


1. This term "Ourselves" is used instead of your firm name and is a usual form in either drafts or checks made in favor of the drawer, when the drawer is a firm.

merely taking your money out of one place and putting it into another—taking some of it out of the bank and putting it into your safe for future use. This payment for rent is the first use made of any of it.

6. Order from the College Center Office Supply Co. the safe illustrated in their catalog as "K, price \$150." Request this Company also, if it is not an imposition or too much out of their line of business, to purchase and ship to you a good reliable horse and a first-class wagon and harness, provided they can find a satisfactory outfit at from \$350 to \$400. Ask them to ship via the Y. S. Central R. R. Co., and state that you will pay cash on receipt of bill. Present this letter to your teacher for approval before mailing; but before going to your teacher, if the merchandise recently ordered from the wholesale houses has arrived,—

7. Prepare the required number of customers' orders and take them with you to your teacher for approval when you present the letter, written as instructed in 6.

8. Fill the orders approved by your teacher, accompanying one invoice with a draft drawn in favor of "Ourselves" at 30 days' sight, and another with a joint note at 30 days, making the amounts of the draft and note each 1% less than the respective invoices. The form of this note should be as shown below. It is to be signed by two persons or firms.

	No. _____	Due <u>May 3, 191-</u>	\$ <u>150.00</u>
	College City, Y. S. <u>April 3</u>		191-
	<u>Thirty days after date we jointly promise to pay to</u>		
	<u>the order of Student &amp; Co.</u>		
	<u>One hundred fifty and no/100 —</u> Dollars <small>(in College Currency)</small>		
	<u>at College Bank</u>		<u>Value received</u>

9. Make entry for all invoices of goods that have been received since the close of your last actual business work. These should combine easily and neatly in one entry. See 16, Foot-note 1.

10. Make entry for all payments of accounts that have been received since last actual business work whether these payments have been made in cash or by note or by acceptance, being careful to distinguish between payment of accounts and payment of notes or drafts. Observe that **when an account is paid** you debit Cash (or Bills Receivable if you receive a note or draft) and **credit the payer** by name; but that **when payment is received for a note** which you hold, you debit Cash (or Bills Receivable if a new note be given) and **credit Bills Receivable**, crediting Interest and Discount for the difference in case the payment be larger than the face of the note or draft. Make record in bill book for all notes. Take from your file of Unentered Business, at this time, the voucher check prepared as instructed in 102, 7 and 10, and make entry charging Cash, then place this voucher check in the cash drawer ready for deposit with other checks.

11. Make payment for invoices received according to the terms of the invoice, first, signing notes or accepting drafts that have been sent out with the bills, and second, taking up the payments on which you are permitted to choose your form of payment.

(a) Your wholesale bills belong to this latter class and there being in each case a liberal discount for cash, pay these in cash less the discount, remitting in each case by letter. If these payments were included with the order placed in 108, 1, make the entries now.

(b) For at least half of the bills which you have received from students give notes at 60 days and let the remaining bills stand on account for later settlement.

12. Place an order for dried fruits with the River Dale Fruit Co., through their College Center branch; also place an order for Apples, Barley, Potatoes, Lemons, and Oranges with the Harmer Produce Co., asking them to allow you to open an account on 60 days' time and giving references, as in the case of your first order from the houses with which you have been dealing. See 91, 4, (c) for instructions concerning this type of letter. Make the size of these orders close to the limit in the respective price-lists of the companies.

13. Detach from your Prepared Blanks, Forms 66 and 67, observing that they are letter and invoice in reply to your order in 108, 6. Fill in<sup>1</sup> your own name where indicated and supply the date, making it one or two days earlier than the present date. Write a reply to the letter enclosing your check for the net amount of the bill, and make entry charging the safe to Office Furniture and the horse and wagon to Chattels. Deliver your letter with enclosed check to your teacher, then file the company's letter in your letter file, and the invoice with your other Expense Bills, marking it *Expense Bill No.* — Make this number consecutive with other Expense Bills.

14. Detach from Prepared Blanks Forms 68 and 69, observing that they consist of Freight and Cartage bills and the tickets representing the articles just bought from the Office Supply Co. Observe also that the freight bill is receipted and that the bill of the carting company includes that item which indicates that they have advanced the freight charges and that you are to pay them. Draw your check for the amount and pay at the general offices of the Freight Co., or to your teacher if so instructed. Make entry, charging this entire bill to Freight, explaining *Expense Bill No.* —, and carrying this explanation to the ledger when posting. Observe that although you have a Cartage account, the Transfer Co.'s bill is not charged to it. That is an account that is to show credit when you charge others for the delivery of goods. Now that you own your delivery wagon, you will charge cartage at 50c per ton on all Department E goods sold during this outline. Pay at this time the freight bills in your wholesale invoices. See 91, 5, sixth.

15. Post as in 106, 22, and make daily closing as in 91, 11, that is, prove cash and Bills Receivable and Payable and take a trial balance. Then make your bank deposit, carefully preparing your deposit ticket according to 18 and entering a copy of the ticket on the back of your check stubs, then extending the amount into the check-book money column as a deposit. See deposit of February 11, in 66 (b). Lastly, prepare your customers' orders for your next day's business and submit them to your teacher for approval, arranged as instructed in 98 (except Expert Report)<sup>2</sup> with copy of the daily report, neatly entered in the form below, and a duplicate copy for teacher's files.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

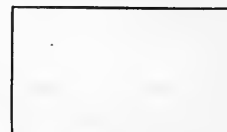
1. Rather than attempt to reproduce in the schoolroom all the accessories of the business life, making what hard-headed business men call a "Business Playhouse," it has been deemed advantageous to introduce certain features by means of prepared vouchers and transactions with fictitious persons. The student will, however, readily see the advantage that he has in handling, for the major part of his course, papers that come to him fully made out and naturally presented, as compared with any so-called "actual business" course in which all his work is from illustrative, half made out, fictitious vouchers.

2. The Expert Report and full proof of a student's work will be made only at the close of an Outline, unless otherwise ordered by the teacher.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....			Ledger Balance.....		
Total uncollected in bill book .....			In bank, Stb. No.____, .....		
Total value of notes in the safe.....			In safe, Currency .....		
<i>Bills Payable</i> , Ledger Balance.....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		

Respectfully submitted,

TEACHER'S



STAMP

.....191....

109. 1. Fill the orders approved by your teacher. Make the terms of your sales, *30 days, 2/10 c. 1/10 n. or ac.*, sending out with one of your bills a joint and several note making the note for the net amount of the bill less 3 per cent. payable at your bank in 30 days, with "interest after maturity." You will not allow the special discount of one per cent. on this transaction for the reason that the note does not bear interest until after maturity.

(a) With another bill send out a draft drawn in favor of your firm for the amount of the bill less one per cent. and leave it with the customer for his acceptance when you deliver the goods.

(b) For a third bill, find one of your customers who is willing to pay "spot cash" and collect when you deliver the goods, allowing him the special discount of two per cent. Take the check, or currency, received in payment for this sale, directly to the bank and exchange it for a certificate of deposit in favor of your firm which you will place in your cash drawer. The best way to find this customer is through your purchasing agent unless your teacher instructs otherwise.

(c) Permit your remaining sales to stand on account or accept such payment as your customers see fit to offer.

2. Make entry for all invoices received and unentered and proceed to pay for them as follows:

(a) First, sign notes or accept drafts in all cases where these have been presented with the bills, and make bill book record and entry.

(b) From those in which you have the choice of manner of payment, **select one** of the smaller invoices and pay it by a **draft at 30 days**, drawn on some one of your customers who owes you that amount or more. **Select a second** invoice and pay it in the same way by a draft on another customer who owes you, but make this draft *at sight* instead of *at 30 days*. These two payments introduce you to a use of the draft concerning which you have had but little previous instruction. Draw these drafts similar to the form in 53, inserting the name of your creditor in each case where the name of the Garden City Bank appears in the form, and making as above instructed, one of the drafts read *at sight* as in the form, and the other *at 30 days sight*. In making your entry observe that these drafts are not Bills Receivable because there is in them no promise to pay you (your firm) any money; that they are not Bills Payable, because you do not promise to pay any one else any money; that they are not Cash as was the draft in 53, because they are not in favor of your bank and cannot be turned into cash by you at the bank. What then are they? Observe that each will take money that is due to you out of the account (the customer) on which it is drawn and, since we always credit the source from which the value comes, you have discovered the proper credit for each of these entries. Then



when you hand these drafts over to the creditors in whose favor you have drawn them in payment of the invoices sold you, you will readily see that these persons who receive the drafts or in whose favor the drafts are drawn are to be debited. Make each entry separately and explain *Paid for Invoice No. ——— by draft at sight (or 30 days) on (name of drawer)*. If in doubt about this entry make one of the entries on a loose sheet of journal paper, and submit it to your teacher for approval. Then proceed to complete the record as instructed above.

(c) Of your remaining invoices, pay cash for those from the wholesale houses taking advantage of the discount and enclosing your check with the letter written as in (6) below. For the invoices from students, give notes at ninety days for all that allow you such an option. Make bill book record and entry.

3. Discount at your bank all notes or acceptances which you hold that are not due. Collect all that are due you with interest, or if the maker be not able to pay, insist that he pay the interest and renew the note. For entry for payment of a note and interest see 54. For payment of interest alone you will debit Cash and credit Interest and Discount. Fill B. B. record in Collection Data columns.

4. Pay all your own notes or acceptances that have matured, with accrued interest, and make entry, debiting Bills Payable and Interest and Discount, and crediting Cash. If your cash balance in the bank is not large enough to meet your requirements, consult your teacher and the banker, and arrange to borrow at the bank what money you need, giving the bank the usual form of joint and several note signed by your own firm name and that of some other student who will sign with you as an endorser. For entry see 106, 10.

5. Detach from Prepared Blanks, Forms 70 and 71, the letter and shipping invoice from H. S. Tuttle & Co., College Park, Y. S., filling your own name and the date. In supplying the date, antedate both the letter and invoice, also the draft following, sufficiently to allow for the distance from the point of shipment to your city. File letter and invoice in your filing case, first opening an account in your ledger on page 23 as instructed in 106, 14 (c). Then detach the draft and freight bill, Forms 72 and 73. Pay the draft at the bank, observing first that it is endorsed on the back payable to your bank. If not properly endorsed, require the banker to secure the proper endorsements before you make payment. Next, pay the freight bill at the freight office and make entry as in 105 (j).<sup>1</sup> Lastly, detach from Prepared Blanks the tickets that represent the goods and place them in a special envelope marked *Consignment No. 1, H. S. Tuttle & Co., College Park, Y. S.* File the receipted draft and freight bill with the letter and invoice, fastening all together with a pin or other fastener. Place them in your Invoice File.<sup>2</sup>

6. Write letters to the River Dale Fruit Co., and the Harmer Produce Co., enclosing your checks for last orders less discount as per instructions in 2 (c) above with additional orders for merchandise. In the letter to Harmer Produce Co., suggest that the California Oranges were not up to the standard and that if the goods of this order should prove equally inferior you will be obliged to return them as you cannot afford to have dissatisfied customers.

7. Pay Freight Bill.

8. Make a sale to the Townsite & Trading Co., of all goods bought from students to date, deducting  $2\frac{1}{2}\%$  trade discount and making the terms *Net Cash*. Add cartage at 50c per ton and make entry as in 105 (e).

9. (a) Add your journal columns in pencil and prove your additions.

(b) Prove cash by adding, on scratch paper, the footing of your debit cash column to

1. Observe that the proper title for an account with a consignment received, is, *Consignment No. .... Consignor's Name, Address*, numbering all consignments consecutively, for convenience in stenciling crates, barrels, etc., in the warehouse, while it will be found best in keeping accounts with consignments sent out to give each consignee a separate set of numbers and to enter goods sent out on commission as, *John Smith's Shipment (or Consignment) No. ....*

2. Observe that the Order Bill of Lading is not shown. See Form 54 in 106, 14, (b).

your last cash balance, and subtracting from the sum the footing of your credit cash column. The difference should equal the total of your cash on hand and in the bank.

(c) Post all items in the sundries columns to your ledger as in former work.

(d) Rule the columns of your journal as illustrated in 105 (q), carrying the footings of the cash and merchandise columns into the sundries column as in (2) and (3), adding and ruling as illustrated in the form Sec. 105. Then post the items of cash and merchandise from the sundries columns to their respective accounts in the ledger the same as other sundry items.

(e) Prove Bills Receivable and Payable as in 69 (a) and (b).

(f) Take a trial balance.<sup>1</sup> If your balance does not prove, first try the ordinary methods of finding a trial balance as presented in 71. If you cannot find all errors in this way, turn to 72 or 92, and follow carefully the instructions there given.

(g) Prepare your deposit ticket as instructed in 18; copy it in the stub of your check-book as explained in 18 (b) and make your bank deposit, being careful to endorse all checks 18 (c), and to present pass book with deposit ticket and checks to your teacher to be "Vised" before going to the bank.

10. Take an inventory of merchandise, listing the goods of each department separately and discounting Department A goods at  $12\frac{1}{2}$  per cent, and Department E goods at 3 per cent. to find the net cost. See section 75, also 106, 27 and 28.

11. Prove the accuracy of your work following instructions given in 95, and find all errors as instructed in 96. See also 106, 28.

12. When your merchandise proves and you have done all the work required in 9 and 10 above, make out a balance sheet as instructed in 107, and proceed to close your books as in the Practice preceding this Outline. In closing your books, follow 83 in general, in the matter of all resources and liabilities accounts, except that you will always rule your accounts with the wholesale houses and the Townsite & Trading Co., at the close of each outline bringing down the balance of each account after closing.

13. Your books being now closed, take a trial balance after closing (see 86) to prove that your closing has been done correctly, and make out statement as in 86 appending to it the trial balance taken after closing the books.<sup>2</sup>

14. Prepare your orders from customers for another day's work, subject to your teacher's approval, disposing of the goods received on consignment from Tuttle & Co., to two of these customers. Do not at this time mix any goods of your own stock with these consignment sales but dispose of your own goods to other customers.

15. Place your books in usual order to submit to your teacher for his approval and fill out the full report below with a duplicate for the teacher's file.

## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

1. This being a general closing with a proof of Merchandise as indicated in 10 below, the student may save time in taking a second trial balance if he work 10 and 11 before proceeding with (f) and (g).

2. By comparing the trial balance taken after closing with the resources and liabilities of the statement, the student will observe that the same proof can be obtained by comparing (checking) the statement of resources and liabilities with the closed ledger.

1. A loss in your business can only indicate one of two things, errors in accounting or in making the sales, or failing to do business enough so that the gains, which are on a percentage basis, will overcome the fixed expenses.

using a voucher check as in 102, 6 and selling all Dep't E goods that were included in your proof made in 109, 11. Remember that you are to charge cartage on Dep't E goods. Make one entry for the sale and a second for the voucher check.

4. Make a shipment of merchandise out of your wholesale stock to some student whose name is on your trading list and who is at least as far along in his school work as the beginning of Outline II, instructing him to sell these goods for you on commission and to render you an account sales with remittance at the earliest possible date. Write a neat business letter embodying these instructions and submit it to your teacher for approval before delivering it with the shipping invoice (or the merchandise<sup>1</sup>). For instructions in making a shipment see 106, 18, following plan of the shipment to H. B. Wellman & Company, as closely as the freight regulations of your schoolroom will permit; and make entry as in 105, (n).

5. Secure from some student who is as far along in his work as you are, a consignment of merchandise to be sold by you on commission. If you do not know from whom to obtain this consignment consult your purchasing agent. If some student has already made you a shipment instructing you to sell for him on commission it will fulfill this requirement and release you from securing another at this time. Make a sale of these consignment goods as in the case of consignment received from Tuttle & Co., in 109, 5, sent out to customers on orders, 109, 13. This consignment should be known on your book as Consignment No. 2, followed by the name and address of the consignor, (see 109, 5, footnote 1), and the ledger account should be opened about 12 lines below the Tuttle Consignment on page 23. Other Consignment accounts should follow.

6. Make entry for all invoices received since last closing and make payment in cash or notes as you may see fit except as otherwise required by the seller. Pay freight, and make entry as per previous instructions.

7. Remit in cash to your wholesale houses for the amount of last invoices less discounts to which you are entitled, and enclose with each letter a new order for merchandise. These letters will all be similar in form; and are of a nature that you should be able to write without any special instructions. Prepare them carefully and submit them with other papers to your teacher for approval before delivering. Do not consider them unnecessary because they are alike. All business firms write a great many such letters and your repeated practice should enable you to get very correct forms of expression.

#### 8. To Prove and Rule Cash Without Closing the Journal and Posting Merchandise.

(a) Add your journal columns in pencil and prove that the debits equal the credits.

(b) Since all your cash is to be found in the cash columns of the journal the difference between the debit and credit pencil footings of the cash columns will show the balance of cash which you should be able to find in your bank or cash drawer. When this proves, omit one line from the last entry in your journal and make a red ink balance entry as in the form below. Rule the cash column only, bringing down the cash balance, exactly as in the form.<sup>2</sup>

767593	346525	1069515	Pencil footings	1708377	83178	392078
			Cash Bal. Int Bank \$1322.65			
			Int Safe, Etd. \$1392.50			
			1040.50			
			2432.50			
767593			Cash Bal. Bro't down			375515
375515						767593

1. Whether you will deliver the Merchandise with this invoice or not depends entirely on the regulations of your school concerning freight and express shipments. Since the consignee must pay freight in order to have the usual run of entries on commission goods it is very desirable that the goods be delivered through some transfer medium, if only the teacher's desk. You will then deliver only the letter, invoice, and bill of lading and the consignee will call at the freight office, pay freight and get the goods.

2. Observe that the cash balance and the penciled footings of the unruled columns are to be added in with the new work when it is continued.

9. Post all items found in the sundry columns and prove Bills Receivable and Payable.

10. Take a trial balance of your ledger, taking as Cash the balance brought down in the journal.<sup>1</sup> You should readily perceive that this cannot be expected to balance as the pencil footings of merchandise are not included, not having been carried to the ledger. Do not carry them to the ledger at this time but enter them on a separate line in your trial balance just below the other items; then if your ledger work is correct your balance will prove. If not, find your errors as under former instructions.

11. Secure your orders for your next day's trading and submit them with your books to your teacher in the usual form for inspection (98, c), filling out teacher's filing copy of the daily report and copying it neatly in the form following.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

.....191.....

111. 1. Observing from your ledger account with Consignment No. 1, H. S. Tuttle & Co. (which should appear like Consignment No. 1, F. H. Burns, 106, 25), that the goods of the Tuttle consignment received in 92, 5, and sold with your sales in 93 (see instructions in 109, 13) have all been disposed of, proceed to render an account sales to Messrs. Tuttle & Co., following the instructions given in 106, 26, in regard to Consignment No. 1, F. H. Burns. Deliver this account sales to your teacher or the Townsite and Trading Co., handing them therewith, a New York draft for the amount, which you will purchase at your bank. Observe that the purchasing of this draft will make you an additional item of expense (exchange) in the charges column of the account sales, and do not overlook it when making your final entry as per instructions for closing a consignment in 106, 26.

2. Fill orders approved by your teacher, and make entry, observing that the orders which include consignment goods must be credited to the consignment, itemized and not to merchan-

1. The object of this special form of ruling is partly to exercise the student in the possibilities of this journal and partly to give him a form by which the balance of cash may be proved and recorded although it may not be either necessary or desired that the footings of the other columns should be carried to the ledger. For example: a cash balance is desired daily. Total merchandise sales aggregated weekly or monthly might furnish the facts desired by the firm in that account; or the columns here used for merchandise might be used for some other purpose in which a weekly or monthly total is preferred to a daily total. In such case this form of ruling would be continued until the time when all footings are required to be posted.

\*Offset. After a complete closing and the ruling of all the columns, the amount of the cash balance brought down below the closing lines is entered in the credit surdries column to preserve the balance of the journal and make future proof of the footings possible without turning back to find out the amount of the balance and then deduct it. This item is checked (✓) and not posted.



7. Secure your orders for next day's trading and submit to teacher for approval together with your books arranged in usual order for inspection with teacher's filing copy of the daily report copied neatly in the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable, Ledger Balance</i> .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable, Ledger Balance</i> .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



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112. 1. Render an account sales of the consignment solicited in 110, 5, and sold as instructed in 111, 2. See 106, 25 and 26 for instructions in regard to consignments, and be sure that you get your work right on this point. Consult teacher if necessary.

2. Fill orders approved by your teacher at last closing. Accompany one bill with a draft in your own favor for acceptance less 1 per cent.; with another send out a **joint and several note** at 60 days bearing interest **after maturity** at 8 per cent. for the amount of the bill less 1 per cent. Leave the other sales to the buyer's option in matter of payment; but **from one of the bills retain a single card of goods**, placing it in an envelope so that it may not be mislaid and holding it until the purchaser discovers the error and reports it to you. When the error is reported, do not hand him the missing card but put it back into your wholesale stock and give him a memorandum of credit for the value of the missing merchandise. Your memorandum of credit should be in form similar to the memorandum on the page opposite. Make entry charging Merchandise and crediting the purchaser. Enter this merchandise debit in the **sundries column** so that it will post separately to the ledger, and when so posted, explain it in your ledger as, *Merchandise returned*.

3. Enter all invoices received since last closing, and make payment as follows:

(a) For one, pay cash less 2 per cent. for half of the bill and give your note less 1 per cent. for the balance. Entry will combine 20 (a) and 20 (b)

(b) For another, pay by a draft on some customer who owes you. See instructions in 92, 2 (b). For the remaining bills use your own option as to payment or permit them to stand on account.

4. Place orders for merchandise; one with the Quaker Oats Co.; one with the American Biscuit Co.; and one with the Harmer Produce Co., and remit in full to the River Dale Fruit Company and the Harmer Produce Company for former purchases less discounts. For form of these letters use your own best judgment, but submit them to your teacher for vising before delivering.



**Memorandum of Credit****Chester W. Burke**JOBBER IN GROCERIES AND GROCER'S SUNDRIES  
COLLEGE CITY, Y. S.ORDER NO. 25SALESMAN J. F. F.

TERMS \_\_\_\_\_

CREDIT Melvin Recie  
SkidmoreSeptember 7, 191

1	Shk Santa C. Prunes omitted from Order No 25	65-			
	Less 3%	1 95	63 05		

5. Pay freight bills and make entry; then open private accounts with each partner and make entry charging Salaries and crediting each partner's private account for the amount of his salary for the month. Open private accounts on page 3 giving each partner a half page.

6. Sell all goods on hand in Department E to the Townsite and Trading Co., for cash less  $2\frac{1}{2}\%$ , adding cartage and entering as in 105 (c).

7. Make Daily Closing.

(a) Prove cash in pencil. Then foot and rule the six-column journal as in 89 (q).

(b) Post all items found in the Sundries column (including the footings of Cash and Merchandise) to the ledger as in former postings.

(c) Rule cash account in the ledger and make your bank deposit.

(d) Prove Bills Receivable and Payable. (69, a and b.)

(e) Make out your Expert Report,<sup>1</sup> first consulting 106, 30, and if it shows errors, proceed to find and correct them. Observe that this involves taking an inventory of Merchandise. See 93, 94, 95, 96 and 106, 30.

(f) Take a trial balance of the face of your ledger (pencil footings) after making and posting the correction entries for errors discovered in your Merchandise transactions and record in trial balance book. Be careful to enter the page of each ledger account in the "L. F." column of your trial balance. If your ledger does not balance consult 71, 72, and 92 unless you have already learned to find a trial balance without need of the references.

(g) Secure orders for your next day's trading and submit them for teacher's approval, submitting your books for inspection in usual form (see 98) with a carefully filled out full proof, report blank, also neatly copied in the form below.

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113. When your teacher has approved your work to this point and placed his stamp in the form to the right, you will

(a) Proceed to reduce your trial balance to a balance of differences in all accounts except Merchandise, where you will use the two footings,—the debit to show the cost of merchandise and the credit to show the amount of the sales,—see Footnote 2 under 78.

(b) The inventory of merchandise taken in connection with your proof in 7, (e), with such corrections as your proof has required is the inventory of merchandise for the present closing. Why are there no inventories of Expense or Salaries? See 5 above.

STAMP

1. If correction entries have been made during the work, they must not be permitted to increase the amount of real purchases or sales in any department, when making out the expert report. If the Mdse. debit or credit fell on the same side as that of the entry to be corrected, it is evident that it merely made the original purchase or sales entry what it should be and that it will require no further attention; but if the correction was a contra entry, it increased unnaturally the opposite side of the account, and must either be subtracted from both footings or treated as returned merchandise or sales at cost for which see 106, 30.

114. Form For Closing Balance Sheet in a Partnership When the Partners Have Private Accounts (compare this with the closing of the balance sheet in 107.)

		* 3	7232.29	7232.29	484- 155992	1080442	217850
E. N. McCollough's	Net Gain				717.28		
M. M. Carson's	" "				358.64		
					155992	155992	
E. N. McCollough's	Net Investment		5000-				
" "	Private Credit	100-					
" "	Net Gain	717.28					
" "	Total Private Credit		817.28				
" "	Present Worth						5817.28
M. M. Carson's	Net Investment		2500-				
" "	Private Debit	50-					
" "	Net Gain	358.64					
" "	Private Credit		308.64				
" "	Present Worth						2808.64
* Column Footings						1080442	1080442

(b) Write out a Notice of Dissolution in the following form, sign it and have it signed by your partner, then hand it to your teacher when you submit your books for marking. Any two students may sign as witnesses. Write neatly or on typewriter.

## NOTICE OF DISSOLUTION.

Dated \_\_\_\_\_ 19\_\_

Signed, \_\_\_\_\_ (you will sign here)  
 \_\_\_\_\_ } witnesses \_\_\_\_\_ (your partner will sign here)

(c) Take all of the books used while working this outline to your teacher's desk for grading, carefully examining them as instructed in 98 (c), and while they are being graded, study the Evolution of the Cash Book on the pages following. When your teacher has approved your work he will enter his markings in the form following:

## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....			Ledger Balance.....		
Total uncollected in bill book .....			In bank, Stb. No.____, .....		
Total value of notes in the safe.....			In safe, Currency .....		
<i>Bills Payable</i> , Ledger Balance .....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING		
Cost of Mdse. bought.....			Accuracy.....	3	
Present inventory.....			Neatness.....	2	
Cost of goods sold .....			Orderliness.....	2	
Sales of merchandise.....			Records .....	2	
Gain, red ink; Loss, black.....			Progress.....	1	
Errors: Ourivr.red; cont.black.....			Average.....		

Respectfully submitted,

TEACHER'S



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.....191.....  
 STATEMENT OF THE CONDITION OF C. W. BURKE'S BUSINESS, FEBRUARY 21, 19\_\_.

		Trial Balance			
11	The Keystone Company			645	18
10	F. H. Burns	112	78		
10	Andereon & Anderson	863	67		
9	McConnell & Company	717	50		
	Personal Accounts Receivable, (Due us)	1693	95		
	" " Payable, (We owe)			645	18
8	Bills Payable			1293	12
8	Bills Receivable	648	47		
5	Interest & Discount			7	74
5	Salaries, (Liabilities Inventory, \$37.50)	50	00		
4	Freight	42	00		
4	Expenses, (Inventory, \$36.00)	302	00		
3	Merchandise Discount			31	87
3	Merchandise (Inventory \$3936.01)	11464	34	8147	54
2	Cash	924	39		
1	C. W. Burke, Proprietor			5000	00
		15125	15	15125	15
		Resources & Liabilities			
		Resources			
	Cash	924	39		
	Merchandise, per inventory,	3936	01		
	Bills Receivable	648	47		
	Personal Accounts due us	1693	95		
	Expense, per inventory,	36	00		
	Total Assets			7238	82
		Liabilities			
	Salaries, due and unpaid,	37	50		
	Bills Payable	1293	12		
	Personal Accounts that we owe	645	18		
	Total Liabilities			1975	80
	C. W. Burke's Present Worth			5227	02

116

## THE EVOLUTION OF

(n)	Jan. 2	Cash		5000-	
		C. W. Burke Investment			5000-
(o)	7	Cash		1580-	
		Merch.	Sale of G. R. Kay sth.		1580-
(p)	15	Cash		129308	
		J. C. Dowell & Co. 1/2 pint Sale, 2			129308

(a) Observe, first, that on this page above are copied all the entries in which Cash was debited in your practice entries in the business of C. W. Burke as far as section 26 of the text book; and on the opposite page above, all the entries in which Cash was credited in that business during the same time. Observe, second, that this makes the left hand column of this page and the right hand column of the opposite page exclusively cash, and that the totals of these columns are the totals respectively of the debit and credit of Cash in Model Journal No. 1. Now take up (b) on the opposite page and

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(n)	Jan. 2	C. W. Burke Investment			5000-
(o)	7	Merch.	Sale of G. R. Kay sth.		1580-
(p)	15	J. C. Dowell & Co. 1/2 pint Sale, 2			129308
		Cash Dr.		787308	

(a) Next observe that with the exception of the items of cash on each side, all items on this (or the left hand page) post to the credit of the accounts named; and that

(b) All items on the right hand page post to the debit of the accounts named; and that if we arbitrarily use the left hand column of each page for items we have the two pages uniform in

118

(n)	Jan. 2	C. W. Burke Investment		5000-	
(o)	7	Merchandise	Sale of G. R. Kay sth.	1580-	
(p)	15	J. C. Dowell & Co. 1/2 pint Sale, 2		129308	787308
					787308
		Balance brought down			1708-

(a) When a cash book is used it takes the place of the journal as a book of original entry for all entries that are entirely cash as in the 1st, 2d, 3d, 6th, and 7th entries of the Model Journal (see 25, pages 22 and 23); while in the case of entries that are only partly cash, as in the 9th, 10th and 14th entries in the Model Journal, the first or original entry is to be made in the journal and the cash posted to the cash book just as if it were the Cash account in the ledger as is indicated by the references marked "J" in the preceding cash book.

(b) For Practice in the use of the cash book along with the journal as you will use it in Outline III, take up your practice journal (the book used in C. W. Burke's business) and re-enter, in cash book form, explaining carefully, every entry that you have previously journalized

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## THE CASH BOOK.

(q)	191- Jan. 2	Expense	January rent	150-		
		Cash			150-	
(r)	2	Merch.	Bought R. Kay stock	1500-		
		Cash			1500-	
(s)	10	Lillsbury Flour Mills Co.	Check, 3	1125-		
		Cash	for Inv 1-P		1125-	
(t)	10	Armour Packing Co.	1/2 Inv. 2-Q. check,	94008		
		Cash	4		94008	
(u)	10	Lillsbury Flour Mills Co.	Payment \$2500.00	2450-		
		Cash	less 2% 50.00		2450-	

(b) Observe that on this page below are arranged all the debit items of the cash credits above, and that the total is carried into the right hand column as a credit to Cash, while on the opposite page, the credit items above are similarly arranged, presenting three credit items with the total as a Cash debit.

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(q)	191- Jan. 2	Expense	January rent	150-		
(r)	2	Merch.	Bought R. Kay stock	1500-		
(s)	10	Lillsbury Flour Mills Co.	1-P. Chk. 3	1125-		
(t)	10	Armour Packing Co.	1/2 Inv. 2-Q. Chk. 4	94008		
(u)	10	Lillsbury Flour Mills Co.	\$2500.00 less 2%	2450-		
		Cash Cr.			616508	

style, making a book that shows in its respective footings the debit and credit of Cash and from which only that part of the entry that is not cash is posted as shown in forms below.

118

(q)	191- Jan. 2	Expense	Jan. rent, Chk. 1	150-		
(r)	2	Merchandise	Bought R. Kay stock, Chk. 2	1500-		
(s)	10	Lillsbury Flour Mills Co.	Inv. 1-P. Chk. 3	1125-		
(t)	10	Armour Packing Co.	1/2 Inv. 2-Q. Chk. 4	94008		
(u)	10	Lillsbury Flour Mills Co.	\$2500.00 less 2%	2450-		616508
(v)	15	Balance In Bank	\$4147.22		1708-	
		" Safe, currency	106.00		787308.	
		" checks	1187.08			

in your practice work as far as Section 65, placing in the cash book all those journal entries that are strictly cash (see those not post-checked in the preceding cash book) and entering all other entries in the journal, posting all cash found in these entries to the cash book as instructed in 118 (a). When you have re-entered Mr. Burke's entire business up to February 21, 191., as instructed, submit your work to your teacher and when approved he will hand you your regular books for the work of Outline III and will place his stamp in the following form. Do not Proceed Until Your Book is Stamped.

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1. Instead of the one check of J. C. D. & Co. for \$1,293.08 that was actually in the cash drawer at this time, that amount is here supposed to represent one check and a balance in currency that the student may observe the method of itemizing money in safe when entering the red ink cash balance. Were there more than one check, they should be shown separately in small figures between the word, checks and the figures, 1187.08.

## OUTLINE III.

119. 1. As previously intimated, the books you will use for the work of this outline at the beginning are Journal, Cash Book and Ledger. The Journal will be the same form that you used in Outline I. Begin at the top of the first blank page and using your own resources and liabilities as shown by your balance sheet at the close of Outline II, make an opening entry in the same form as the following, made with the resources and liabilities of C. W. Burke at the closing of his business February 21, 191..<sup>1</sup>

*College City, Y. S., Feb. 21, 191-*

<i>I, C. W. Burke, have this day engaged in business as a seller in groceries and grocers' sundries at College City, Y. S. with resources, liabilities and net investment as follows:</i>			
<i>Cash</i>		<i>924.39</i>	
<i>Merch. per inventory</i>		<i>3936.01</i>	
<i>Expense unused rent</i>		<i>36-</i>	
<i>Bills Rec. M. Co. acceptance</i>		<i>648.47</i>	
<i>McConnell &amp; Co. on account</i>		<i>717.50</i>	
<i>Anderson &amp; Anderson on acct</i>		<i>863.67</i>	
<i>G. H. Burns</i>		<i>112.78</i>	
<i>Bills Pay. Armour Pack. Co.</i>			<i>944.08</i>
<i>" " Accept. favor N. M. &amp; Co.</i>			<i>195-</i>
<i>" " N. for Keystone Co.</i>			<i>353.94</i>
<i>Keystone Co. on acct</i>			<i>645.18</i>
<i>C. W. Burke Net Investment</i>			<i>5263.02</i>

2. Pay for the goods that you ordered from your wholesale houses at the close of your last business, remitting the full amount of each bill without discount, as these bills have matured while you were closing your books. If, however, any have not matured, make entry for the payment of these in the journal taking account of the discount as in former payments and posting the cash at once to the cash book and checking it as in the items (t) and (u) in Sec. 118. Enter all net cash payments as in the items (q), (r), (s), Sec. 118.

3. (a) **Spot Cash Sales.** Before proceeding to fill your orders, learn from your purchasing agent, or by personal inquiry, who, if any, of your customers are willing to pay cash on delivery of the goods. Give them the preference in filling your sales orders so that you may have at least four or five cash sales in today's business. In discounting these cash sales, take off, first, the usual 3 per cent. trade discount, then an additional 2 per cent. for cash, and make the terms of your bill *Net<sup>2</sup> Cash*. You should collect for these when the goods are delivered and if you

1. This is not a part of the practice work known as C. W. Burke's business, but is the form that would be used if C. W. Burke were to open a new set of books of this kind, with his resources and liabilities as they stood on Feb. 21. See his balance sheet.

2. Net without discount.

succeed in doing this you may enter them as in the item (o) in 118 with the explanation *Cash sales* to which you may add the initials of the purchaser as a schoolroom reference. Such an entry in business would make no reference to the purchaser.

(b) Make other sales following your usual instructions until you have filled all your orders. Quote the usual terms. Enter all bills that are not "Spot Cash," in your journal, charging the purchaser as in previous sales.

(c) If any of those to whom you have made the special cash price as per previous instructions cannot pay when you are ready to present the bills, enter the bills in the journal, charging them on account less the trade discount only, and deliver the invoices with the goods. When payment is made, make entry as in any other receipt of cash on account. See 6 below.

4. Check carefully as in 91, 5, and enter all invoices received since your last closing, making a combined entry in your journal as per the form presented in Section 16, Footnote 1.

5. Make payment for bills received, as per terms of the bills, accepting drafts or notes where these accompany the bills and in the case of bills in which you have the option of payment, make payment in cash for all that have matured,<sup>1</sup> giving notes less the allowed discount for others. For those that you pay in cash, make entry as in 118 (s). For the notes that you give make entry in the journal as in former work or see 20 for notes and 57 (a) for the acceptance of drafts.

6. For payment received in cash without discount, enter as in 118 (p), but without the journal check, J.-2, explaining *Received payment sale No.* —. If there be a discount in the case of a cash payment, or if payment be made by note or acceptance, make the entry in your journal as in former work, and post the cash to the cash book as illustrated in your practice by the item 118 (p) checking the posted item with your journal page J.-1 or J.-2.

7. Collect all bills receivable that are due and make entry on the left side of your cash book using two lines, one for the face of the note collected and one for the interest as follows:<sup>2</sup>

Bills Rec.	J. Smith pd. note 1-20	12575
Int & Dis	On above note	125

8. Pay all bills payable that have matured making entry on the credit side of your cash book, using two lines, one line for the face of the note and one for the interest as in the case of Bills Receivable, charging Bills Payable and Interest as follows:

Bills Pay	Pd. note fac. J. Brown	23850
Int & Dis	On above note	118

9. Place orders for merchandise with three of the wholesale houses with which you have been trading and when the goods arrive prepare for your teacher's acceptance your orders from customers for another day's trading.

10. Pay freight bills.

11. Make daily closing, that is, post, prove Cash, prove Bills Receivable, find trial balance, etc., as per 91, 11, (except 11, b).

12. Arrange your books for teacher's inspection as instructed in 98, and submit them with your customers' orders, having filled out carefully the duplicate copy of the daily report and neatly copied it in the form following.

1. "Matured," as applied to a note or invoice, means *due*, so that there will be no discount when paid.

2. Observe that the Cash Book explanations should begin at the same point on each line of the page forming a straight vertical line, as in the forms shown above.



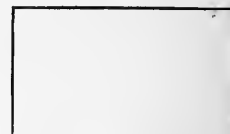
## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



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.....191....

120. 1. Fill your approved orders seeking spot cash buyers as instructed in your preceding day's work and enter as in 119, 3, sending out with all bills that are not spot cash, either a note to be signed or a 30-day draft to be accepted, deducting the usual 1 per cent. from the face of the bill in computing the amount of the draft or note..

2. (a) If notes or drafts accompany any of the invoices you receive, enter these invoices in your journal in the usual form, carefully checking all items, extensions, and other computations to insure accuracy. Then accept the accompanying drafts or sign the notes and make the entries for payment, delivering the notes or acceptances to the creditor after you have completed your entry and bill book record.

(b) For all bills that allow you option of payment, deduct the special 2 per cent. discount from the net amount of the bill and pay by check making entry in the cash book only, as in 118 (r).

3. Collect all notes or acceptances that have matured and pay those that you owe, making entry in your cash book and observing that the entry for the payment of a note with interest will occupy two lines on the credit side of the cash book as in 119, 8, and that in collecting notes with interest the entry will be very similar but on the opposite or debit side of the cash book as in 119, 7. Remember to make the proper record under Collection or Payment Data in the bill book.

4. E. H. Wemple, a wholesale grocer, who has recently been specializing in Tea, Coffee and Sugar proposes a partnership with you on the basis of equality of investment adjusted by the payment of interest to each partner on his net investment, and the payment of interest by each partner on all withdrawals, with salary for each partner, each giving full time to the business. Accepting this will necessitate a closing of your books and a proof of the results of your business.

5. Prove Cash, and rule your cash book as shown in 118, entering the balance in red ink as in 118 (v), Post;<sup>1</sup> prove Bills Receivable and Payable; and either take a trial balance now or after working 6 below. See 76 (c).

6. Prove the accuracy of your transactions. Your sales of merchandise on a spot cash basis, entries for which would be made in your cash book, will be a new feature to be taken

1. Observe in posting, that items from the left side of the Cash Book are to be posted to the right side of the accounts named and that entries from the right side of the Cash Book are to be posted to the left side of the accounts named; that the cash when proved is to be ruled and balanced as in the illustrative form in 118.

into account in your proof of merchandise and will necessitate special instructions which you will follow closely.

(a) Turn first to 106, 30, and observe carefully the method to be pursued regarding returned merchandise, goods sent out on commission, etc., and follow it if any such transactions have occurred. Entries made for the correction of errors (when contra) are to be deducted from both sides of the account or might be treated like returned Mdse. When on the natural side with the rest of the entry which was corrected they require no attention.

(b) Your "spot cash" sales will cause no change in your plan of proof until you have worked down to Line 7 and are ready to deduct the selling discount. Here you must remember that the special cash discount of 2% was taken off before entry, in addition to the regular trade discount and you must compute the amount of this discount on all the "spot cash" sales made (see cash book), and increase the selling discount by this amount. Be careful to compute this 2% discount on the right base.<sup>1</sup>

7. When your merchandise proves and your errors have been corrected by entry as your teacher may direct, take a trial balance, if you have not already done so, or if you have made any corrections, as these will change the figures of the balance already taken. Reduce this trial balance to a balance of differences in all accounts except merchandise which account should show both debit and credit, the debit representing the cost of goods and the credit being the total amount of sales. Follow this form hereafter in all balance sheets, so far as Merchandise is concerned.

8. Take a careful inventory of merchandise, recording it in your journal at the close of your last work and proceed to make out a balance sheet as instructed in 78 to 81, except in the matter of merchandise. See 78, Footnote 2. Your business at this time being that of a single proprietor, the closing of your balance sheet and ledger will follow closely the forms and instructions given in 80 to 84 and when your books are entirely closed make out the **analytical form of balance sheet** or statement, presented in 86, which is to be shown to your teacher, as representing E. H. Wemple, who, before entering into partnership with you, desires to know the exact condition of your business.

9. Your books being now closed, you receive from E. H. Wemple as represented by Forms 75, 76, 77, 78 and 79, which you will detach in order,—

(a) A copy of the contract of partnership already filled out on the part of Mr. Wemple, and ready to be completed by the attaching of the two balance sheets and by the signatures of the parties which you will have two students witness. Your teacher will sign for Mr. Wemple;

(b) A statement of the condition of E. H. Wemple's business on this date in the same form as the one you have prepared of your business;

(c) An inventory of all his merchandise in stock, attached to which are the tickets representing the goods;

(d) An inventory of unused fuel—see *Expense* in statement. As this is to be used up in the continuing of your business no tickets will be furnished;

(e) The note of W. H. Moore, being the balance of the Bills Receivable account. Observe that Mr. Wemple has endorsed this note to the firm, in blank and to prevent its being collected without the firm's endorsement you will now write on the back of the check across the left end just above Mr. Wemple's endorsement the words *Pay to the order of* followed by your firm name.

(f) A check on his bank for the balance of his cash account.

Observe that the lists of personal accounts receivable and payable are furnished in the balance sheet and statement. Observe further that the date of both check and note are to be supplied. Make the check the present date but antedate the note ten days. Mr. Wemple has made

1. Compute this 2% discount on the total of the spot cash sales either by dividing the amount of sales by 98 to find the base or (preferably) by the short method of computation presented in 21; the sum of the several discount computations being the total amount of the 2% discount.

the check payable to himself and endorsed it in blank. You can place on it the same endorsement as on the note or you can hold it as it is until deposited. If left as it is, however, a finder might cash it. Why? Consult teacher.

10. Proceed to enter detached forms in your books as follows:

(a) Make an entry very similar to your own opening entry when you began this business (except that the entry may precede the explanation) in which you will debit the resources shown in E. H. Wemple's statement and credit the liabilities, crediting E. H. Wemple for the net investment and explaining, *E. H. Wemple becomes a full partner in the firm of (your name) & Wemple, the losses and gains to be shared equally and the investments adjusted by interest as per articles of co-partnership this day signed, and witnessed in duplicate and a copy given to each partner.*

(b) Number the inventory of merchandise turned over to you by Mr. Wemple as you would an invoice received, and file it with your wholesale invoices, placing the tickets which represent the goods in the wholesale envelope, Department A.

(c) Make a record in your bill book of the Bills Receivable and Payable that come into your business and place the notes receivable endorsed to you by Mr. Wemple in your note file.

(d) Take the contract as prepared by Mr. Wemple and complete it by filling in your own name wherever it should appear and attaching your statement of Resources and Liabilities together with the statement of Mr. Wemple. Then copy this contract and sign both the original and the copy and have your signatures witnessed by two students. Your teacher will sign for Mr. Wemple and will take the copy you made of the contract, as Mr. Wemple's copy. File your copy in the Receipts compartment of your filing case.

(e) When all this work is completed as instructed, secure orders for your next day's trading, and make your usual remittances to the wholesale houses, placing new orders with the Harmer Produce Co., the River Dale Fruit Co., and the Van Camp Packing Co.; then place your books in usual order for teacher's inspection; accompany them with a report of your business as it stood when you took your trial balance; and submit your books for inspection with your report neatly copied in the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable, Ledger Balance</i> .....			Ledger Balance.....		
Total uncollected in bill book .....			In bank, Stb. No.____, .....		
Total value of notes in the safe.....			In safe, Currency .....		
<i>Bills Payable, Ledger Balance</i> .....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		

MERCHANDISE	Department A Goods		Department E Goods		TEACHER'S MARKING			
Cost of Mdse. bought.....					Accuracy.....	3		
Present inventory.....					Neatness.....	2		
Cost of goods sold .....					Orderliness.....	2		
Sales of merchandise.....					Records.....	2		
Gain, red ink; Loss, black.....					Progress.....	1		
Errors: Our fvr. red; cont. black.....					Average.....			

Respectfully submitted,

TEACHER'S



STAMP

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121. **The Sales Book.** While performing the remainder of the work of this outline you will use the sales book for entering all sales that are not entered in the cash book (such as you have been entering in your journal). Study the form of this book as presented below. Observe that the entry is more in the form of a bill than of a journal entry and that, in posting, each customer is debited for the net amount extended into the Mdse. column and that Mdse. is credited for the total amount as shown at the foot of the page. Note also that this total amount is not necessarily posted at the foot of each page but is carried forward from the foot of one page to the top of the next until it includes the entire period of time for which a record of the total sales is desired. Thus, the footing of the sales book when posted may convey to the ledger in a single item the total sales for the day or for a week or possibly for a month as may be desired by the proprietor or the chief accountant of the business.

## S A L E S B O O K .

(a) College City, Y. S., January 11, 191\_.

			Items	Mdse.
Park Grocery Company,	Beaconsfield			
Sales 1. 30d. subj. to draft				
600 lbs. Armour S. Hams	15¢	90	00	
2 hlf. chsts. Eng. Break. Tea 150¢	40¢	60	00	150 00
J. C. Dowell & Co.,	Morgan Hill			
Sales 2. 1/2 cash, bal. note 30d. with int.				
3 brls. Gran. Sugar, 360,356,357, - 1075¢	4.95	53	21	
1 sk. " " 100¢	4.95	4	95	
4 sks. S. C. Rice 800¢	7¢	56	00	
2 hlf. chsts. Y. H. Tea 140¢	30¢	43	00	
2 " " Eng. B. " 150¢	40¢	60	00	
3 " " Unc. Jap " 150¢	40¢	60	00	
400 brls. Flour, "Pillsbury's Best"	5.77½	2310	00	2586 16
- 28 -				
McConnell & Company,	Fairfax			
Sales 3. 30d. acceptance				
1 brl. Gran. Sugar 360¢	4.95	17	97	
2 hlf. chsts. Gunpowder Tea 150¢	33¢	49	50	
100 brls. Flour, "Pillsbury's Best"	5.77½	577	50	
1 sk. Japanese Rice 100¢	3½¢	3	50	648 47
- Feb. 11 -				
Anderson & Anderson,	Albia			
Sales 4. 30d. 2/10 cash, 1/10 note 30d. 6%				
2 hlf. chsts. Y. H. Tea 140¢ 37 1/2¢ less 20%		42	00	
4 sks. S. C. Rice 800¢ 8¢ 64.00				
50 brls. Pillsbury's Best, 49-lb. sks. 6.60 330.00 394.00				
Less 12 1/2%	49.25	344	75	386 75
Footing forward				3771 38

(b)

February 21

Brought forward					
McConnell & Company, Fairfax				3771	38
Sales 5. 60d. 2/10 cash, 1/10 note 30d.					
100 brls. "Pillsbury's Best"	5.77½	577	50		
50 brls. Roman Beauty Apples	2.80	140	00	717	50
F. H. Burns, Girard					
Sales 6. 60d. 2/10 cash, 1/10 note 30d.					
4 brls. Gran. Sugar, 356, 362, 359, 363, - 1440#	5.65½	81	46		
10 " Roman Beauty Apples	3.20	32	00		
20 " Flour, "Pillsbury's Best"	6.60	132	00		
		246	46		
Less 12 1/2%		30	68	214	78
				4703	66

122. **The Three-Column Journal.** Now that we have arranged to enter all our sales in the sales book, thus relieving the journal of these entries, we will arrange to enter our merchandise purchases in a very similar manner by making use of an extra debit column in the journal, in which the items of all merchandise debits (invoices bought) will be placed just as merchandise debit items were extended into the central left hand column in your six-column journal. These items will not be posted separately but will be totaled at the foot of each page and carried forward to the top of the page following. At the bottom of each page, when preparing to carry this footing forward, it will be necessary, now, to add all other columns just as you did in the use of the six-column journal and to prove the accuracy of both entries and additions by making the sum of the merchandise debit and general debit columns equal the one credit column. This will illustrate for you one use of what is known as the Three-Column Journal. You can readily see that instead of two debit columns and one credit column we might have planned to use one column for all debits and to have an extra credit column which might be used for merchandise sales, if we were not using the sales book, or for some other class of entries, as circumstances might warrant. The form of three-column journal which you will use is illustrated following, items being taken from C. W. Burke's first journal practice, sections 12 to 25, omitting, however, entries that would naturally fall to the cash book or sales book.

College City, Y. S., January 2, 19...

Merchandise	1125	00			
Pillsbury Flour Mills Co.				1125	00
Inv. 1-P, 1-10 dating. Net cash.					
Merchandise	1880	16			
Armour and Company				1880	16
Inv. 2-A, 1-10 dating. Net ½ cash bal.					
note 60d. int. 6%.					
Merchandise	5375	00			
Pillsbury Flour Mills Co.				5375	00
Inv. 3-P, 60d. 2/30 cash					
Forwarded	8380	16		8380	16

January 10, 19...

Bro't forward	8380	16			8380	16
Armour and Company			1880	16		
Cash					940	08
Bills Payable					940	08
Remitted in full for Inv. 2-A, Ck. 4 and note 1, 1-10, 60d.						
Pillsbury Flour Mills Co.			2500	00	2450	00
Cash					50	00
Merchandise Discount						
On acct. of Inv. 3-P, \$2,500.00 less 2%. Ck. 5						
Merchandise	645	18				
The Keystone Co.					645	18
Inv. 4-K. Net 60d.						
Cash			1293	08		
Bills Receivable			1293	08		
J. C. Dowell & Co.					2586	16
Received check and note 1, 1-11 30d. for sale 2						
Merchandise Dr.	9025	34	9025	34		
			15991	66	15991	66

123. 1. Fill the orders approved by your teacher when your books were vided seeking "spot cash" buyers as instructed in your preceding day's work and enter as per instructions in 119, 3 (a). Enter all other sales in sales book; also if any "spot cash" buyers cannot take and pay for the goods when you are ready to deliver you can make entry in the sales book **less trade discount only**, as in a regular sale, 119, 3 (c). Make a sale at this time of Dep't. E goods included in your last proof, charging as in 112, 6, then prepare voucher check and make entry as in 108, 10.

2. Enter all invoices that have been received and are unentered, checking carefully as per previous instructions and making entry in your journal as per 122. You will observe that you are not being given much practice in the form of entry in the cash book illustrated in 118 (r). The reason is that a principal object in keeping books, besides learning the amount of one's loss or gain in business, is to keep a record of the aggregate amounts of transactions with firms with whom we have regular dealings. These include almost all creditors in any business; and likewise customers in a wholesale or jobbing business. Retail dealers do not, of course, keep accounts with customers who buy for cash, the entry for such sales being simply a credit to merchandise in the cash book with the explanation "cash sales" and including usually the entire transactions for a day as shown by the cash register.

3. Make payment for invoices received from students, paying cash (if you have the cash) for at least half of the bills that have come in and for all of them if there be no more than three or four. If you are entitled to discount on any of these bills make entry for such in your journal as in former work and post the cash to the cash book as in (t) and (u) in 118; if you pay cash, **without discount**, enter directly in the cash book as in 118 (s). Entries for payment by note or acceptance will be made as formerly in the journal.

4. Make entry for all unentered payments received for sales, following instructions given in your preceding day's work 119, 5 and 6.

5. Collect and pay bills receivable and payable as per 119 7 and 8.

6. Take the two envelopes marked, *Partner's Withdrawal*, and write your own name across the end of one of them leaving the other for your partner. Place \$50 to \$100 worth of merchandise in your partner's envelope and the firm's check for \$50 drawn in favor of your own name in the other. Have this check certified at the bank before placing it in your envelope. Make entry for these transactions as follows:

(a) Charge E. H. Wemple (private account) with the merchandise **at cost**, making the entry in the journal instead of the sales book as this is not a sale at regular prices and should go itemized to the ledger.

(b) Charge your account (Private) with the \$50 check in the cash book. This check was certified not specially to guarantee it to be good but to put it through the firm's account in the bank.

7. Pay freight bills.

8. Place orders for merchandise with two of your wholesale houses, writing in each case a carefully worded letter in which you will state that their last shipment of some article which you may select, was of a very inferior grade to what you have been regularly receiving from their house, and insist that unless you should positively instruct them to the contrary, your orders must always be filled with first-class goods. State that while you have been able to dispose of most of the stock received, a great many complaints have come in as to the quality of the goods and that only your previous reputation, and pledges of future satisfaction have saved you from losing custom. Ask teacher for special criticism on this letter when you present it for his vise. When these orders are filled, prepare your usual customers' orders for another day's work ready for submission to your teacher.

9. Made daily<sup>1</sup> closing 91, 11 except (b) and arrange your books for inspection as per 98, submitting your customers' orders and duplicate copy of the daily report, having first carefully copied it in the form below.

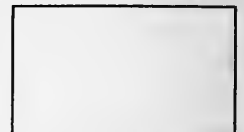
### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



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1. See Footnoté on opposite page.



**124.** 1. Fill your customers' orders without seeking any "spot cash" buyers for this day's work and enter all sales in the sales book as illustrated in the form in **121** preceding.

2. Enter in three-column journal all unentered invoices that have been received since entering last day's work, checking carefully as per previous instructions.

3. Make payment for invoices received from students, making at least half of these payments by note or acceptance and entering such payments in the journal. Enter cash payments, as instructed in **119**, 6.

4. Make entry for payments received as per previous instructions.

5. Collect all bills receivable and pay all bills payable that have matured, making entry as in **119**, 7 and 8. Pay freight bills.

6. Draw the firm's check in favor of E. H. Wemple for \$50, and charge it to his private account as before.

6. In reply to your letters of complaint, each of the wholesale houses has written you a letter of explanation and apology and has quoted you in compensation for the annoyance and possible loss caused by their shipment of inferior goods, a special discount equal to 25 per cent. of the cost of the goods complained of. Reply to these letters inclosing in each case your check in full for the previous order less whatever discounts you are entitled to by the terms of the invoice, and deducting also the special discount quoted you in compensation for the inferior shipment. State carefully what discounts you are claiming and the amount of the check inclosed to balance the account and express your satisfaction with their action and the hope that it may not again prove necessary. For a careful itemizing of discounts, etc., claimed, see form of letter by C. W. Burke in **61** (c). Enclose orders as usual for additional merchandise for your business and when the goods arrive, prepare your customers' orders for your teacher's approval. Make daily<sup>1</sup> closing as in **91**, **11**, except (b) and arrange your books for teacher's inspection, submitting your customers' orders, and your duplicate report, having carefully filled out the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students:....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

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1. For cash book posting see **120**, 5, and observe that in posting the Sales Book, each item posts to the debit of the customer's account and the total of all the items ruled as shown in **121** (b), is posted to the credit of Merchandise. For the Three-Column Journal see **122**, and, if there is anything that you do not understand, consult your teacher.

125. 1. Fill orders, entering in sales book as in 124. See form in 121.

2. Make entry for all unentered invoices as per previous instructions. Check carefully; accept no one's computations but your own. In making entry for cash invoices you may, if you wish to do so, discount bills that have not matured 2% and make no entry except in the cash book; but remember that you will need to account for this extra discount in the proof. It will be like but opposite to the discount authorized in 119, 3 (a), and discussed in 120, 6 (b). This will make you some extra work in proving but the extra drill will be worth it.

3. Make payment for invoices received from students, paying as many of them as possible in cash and making entry in your cash book. See comment in 2 above. If compelled to make payment by note or acceptance, enter in journal.

4. Make entry for payments received from customers, entering cash in cash book when payment is made without discount; otherwise, enter in journal and post cash to cash book. For payments that are not cash, make entry in journal.

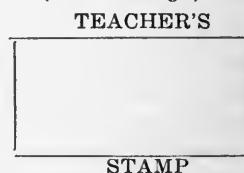
5. Place your usual orders with the wholesale houses, writing carefully worded letters. Remit in cash for previous orders less discounts and make entry as per instructions in 3 above. When these goods arrive, prepare your customers' orders as usual for teacher's inspection.

6. Collect all bills receivable and pay all bills payable that have matured, making entry as in former work. Pay freight bills.

7. Credit each partner on private account with his salary for the month and charge Salaries, then debit each partner on private account with interest on his withdrawals for the time since each was withdrawn counting each actual day as ten days (see 91, 4 (c), footnote 2), and credit Interest and Discount. Also credit each partner in the same manner with interest on his capital for the time it has been employed, and debit Interest and Discount. A better plan for this entry will be shown later, better because shorter, though this is the best for the student to study in his first dealing with interest as an element of a partnership contract. Read carefully the interest provision in the contract between yourself and Mr. Wemple which you have filed in the Receipts

Compartment of your filing case.

8. Make daily closing as in 91, 11, but omitting (b) and (h), until after proof of Merchandise. Then, prove the accuracy of your work from the beginning of this outline (see 106, 30) and when you have found all the mistakes shown to exist, by your expert report, correct them under your teacher's instruction; then take your trial balance, and arranging your books for teacher's inspection as per 98, submit with them your customers' orders, your expert report, the work done in finding mistakes, and the usual duplicate copy of the full report carefully filled out in the form following:



9. When your teacher has accepted your work to this point and placed his stamp in the margin, you will

(a) Proceed to make out the balance sheet as in 113-115, remembering that under the contract, the differences between investments have been adjusted by the interest entries in 7 above and that the partners are to share **equally** in the losses and gains.

(b) Close your ledger.

(c) Close other accounts as instructed in 83 (a) and (b).

(d) Carefully trial balance your ledger **after closing** and make out a Business Statement, or analytical form of balance sheet as in 107, (e) and (f), for your teacher's filing.

(e) When this is completed, leave at the teacher's desk your cash book, sales book, journal, ledger, bill book and trial balance book, and while your teacher is grading them, study section 126 that you may be ready to begin Outline IV.

## REPORT

Report of School Duties: I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

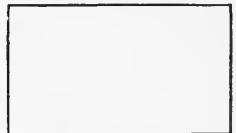
NOTES			CASH		
Bills Receivable, Ledger Balance.....			Ledger Balance.....		
Total uncollected in bill book.....			In bank, Stb. No.____, .....		
Total value of notes in the safe.....			In safe, Currency.....		
Bills Payable, Ledger Balance.....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING		
Cost of Mdse. bought.....			Accuracy.....	3	
Present inventory.....			Neatness.....	2	
Cost of goods sold.....			Orderliness.....	2	
Sales of merchandise.....			Records.....	2	
Gain, red ink; Loss, black.....			Progress.....	1	
Errors: Ourfvr. red; cont. black.....			Average.....		

Respectfully submitted,

TEACHER'S



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10. Form of Receipt for a Lost or Stolen Note. (A good and sufficient bond is usually required as additional protection.)

**RECEIVED** of Indianapolis, Ind., August 1, 191  
W. L. Bowen, Five hundred thirty 75/100 Dollars  
 in full for, note, of Five hundred dollars with  
 interest, said note being dated July 22, 191, and bearing  
 interest at 6%. It is further expressly agreed that the said  
 note being lost or stolen so that it cannot be surrendered on  
 receiving payment. I, Thomas J. Smythe, hereby expressly, cov-  
 enant, and agree with the said W. L. Bowen, that I will become  
 responsible for the payment of said note, if ever presented by a  
 bona fide holder, and to the fulfilment of this obligation I  
 hereby bind myself, my heirs and assigns.  
\$530 75 Thomas J. Smythe

OUTLINE IV.

---

**126.** 1. Your work in this outline will be a continuation of your partnership but with a considerable change in your system of accounting, although you will use for the most part the same books; namely, the Cash Book, Sales Book, Journal and, for merchandise purchased, an Invoice Book. The Invoice Book, while the only one of the set with which you have not been previously acquainted, is the simplest of the books to be used while working the outline and will be explained first.

Take your **Invoice Book** from your supplies and open it, comparing it with form in **128** on the page opposite. Observe that the form represents invoices pasted into a book like the one furnished you for this work, the amount of each invoice being extended into one of the money columns to the right of the page. Observe also that this extension of the amount of the bill (observe the bill entered at foot of page) is made directly opposite the name of the creditor and that the page of the ledger on which the creditor's account is found appears as the posting check in the red ink form following the word *Entered*, which is no longer needed to indicate the journal page. Pasting in the invoice and extending the amount is all the entry that it is necessary to make for any invoice received while working this outline. Before proceeding with other work, you may immediately take up all invoices that have been received since your last closing and carefully checking them according to your previous instructions (see **91**, 5), proceed to fasten them permanently in your invoice book with paste, being careful to number and arrange them properly as instructed below.

(a) Paste the first invoice firmly at the top of the page and extend the amount into the first to expose all the upper part of the first bill—all except the figures, and paste to the page of your book that part of the second bill which extends below the first, leaving the part which covers the first bill entirely free, so that it can be lifted up in order to show the lower part of the first bill. Extend the amount as in the first invoice. (c) Continue with the other invoices in the same manner until your page is full. Then ruling neatly across the columns of extended amounts, add the columns and carry the footings forward to the top of the next page. Since your invoice book has two ruled money columns (it may have more) the two columns may be used for items and totals as you used the two columns on either page of your cash book; or if the business of the firm be such that goods are received belonging to different departments of the business, each column of the invoice book may represent a department and the total of an invoice would then be extended into the column representing the department to which it belongs, or if in any invoice there be items belonging to different departments these items would be separately extended into the respective departments to which they belong. In your business one column may be used for Branch House Merchandise received.

**127. The Sales Book.** This book in this outline will be similar to the sales book with which you are familiar, but will have one additional column. Of the three columns, use the left hand column for extensions, and the right hand for the totals of merchandise sold; the central column you will use for various purposes and you may mark it "Sundries." The principal use for it will be found in the sale of consignment goods but it may be used for the amount of any sale that is not your own merchandise. Readjust your loose-leaf Sales Book to bring in 3-column pages at this time.

128



TELEPHONE 282.

**E. H. WEMPLE.**

DEALER IN CHOICE AND FANCY GROCERIES

FINEST TEAS, COFFEES, AND ALL TABLE DELICACIES. A SPECIALTY. DRIED AND CANNED FRUITS.

CROCKERY & TINWARE

GROUND BARLEY, BRIAN AND FARMERS PRODUCE.

Nos. 71 and 73 East Santa Clara Street

RECEIVED Jan 24 1911  
ENTERED...  
NO. AND FILE LETTER...

TERMS: 30 days

San Jose, Cal. January 20, 1911

Sold to

G. W. Burke, College City, Y. S.

PROPRIETORS OF  
REVERE COFFEE MILLS  
AND  
SPURR'S REVERE COFFEE  
Best in the World



2275 - 27 Direct

Jan. 23, 1911

Sold to G. W. Burke,

College City, Y. S.

RECEIVED Jan 23 1911  
ENTERED...  
NO. AND FILE LETTER...

60 days or 2 1/2 10 days



This bill is payable without relief from valuation or attachment laws and becomes immediately due and payable upon the receipt of the goods or the suspension of payment, the entering of suit against purchaser or when purchaser sells all or part of the business or when purchaser fails to pay the bill or attempts or proceeds to close out business or purchaser's failure to pay the bill or attempts or proceeds to close out business or purchaser's failure to pay the bill or attempts or proceeds to close out business.

RECEIVED Jan 23 1911  
ENTERED...  
NO. AND FILE LETTER...

**SCHNULL & COMPANY**

Importers Manufacturers Refiners and Jobbers of

GROCERIES,

110 to 116 S. Meridian St.

Indianapolis, Ind. JANUARY 27TH, 1911.

A Discount of Two per Cent will be allowed on this invoice if paid within Ten Days from date. Interest will be charged after maturity.

WE GUARANTEE THE GOODS ON THIS INVOICE TO COMPLY WITH THE NATIONAL AND STATE PURE FOOD LAWS.

Sold to G. W. Burke, College City, Y. S.

Schnull &amp; Co

FORM 110

**THE VAN CAMP PACKING CO.**

INDIANAPOLIS, IND.

RECEIVED Feb 1 1911  
ENTERED...  
NO. AND FILE LETTER...

SOLD TO G. W. Burke,

DATE JAN. 30, 1911.

ADDRESS College City, Y. S.

TERMS 30 DAYS

CASH LESS 1-2 PER CENT. TEN DAYS

SHIP TO SAME

FREIGHT COLLECT

BUYER'S NO.

VIA P. H.

QUANTITY		UNITS	PRICE	EXTENSIONS	TOTAL
5	CS #1 PORK & BEANS T.S.	20	.82 1/2	16.50	
5	CS #2 PORK & BEANS T.S.	10	1.25	12.50	
10	CS #3 PORK & BEANS T.S.	20	1.60	32.00	61 00

Forwarded

GUARANTEE. Goods on this invoice are guaranteed under the Food and Drugs Act of June 30th, 1906.  
CAUTION. Don't allow your new stocks to be stacked on top of old stock. Keep your stocks reversed so that your oldest goods will always go out first. This will save you spoilage in all classes of goods and save you trouble under changes in Pure Food Law rulings on all classes of goods.

74 85

132 71

84 07

61 -

352.63

129

## Cash Dr.

DATE	L. F.	ACCOUNT CREDITED	EXPLANATION	CUSTOMERS LEDGER		GENERAL
				MOSE DIS.	CASH RECEIPTS	
Jan 2	J 1	C. W. Burke	Investment			5000—
7		Madse.	A. R. Kay Stock			1580—
15	J 2	J. C. Dowell & Co.	1/2 payment S. 2 7,100—			4283 05
Feb 10		Park Grocery Co.	Drew at sight and depos'd		150—	
10		Bills Rec.	J. C. Dowell & Co. note			1293 08
10		Int & Dis.	Interest on above			6 45
21		Anderson & Qnd.	Last payment on S. 7	20—	980 21	
21		F. N. Burns	" " " " 6	2—	100—	
23	J 1	C. Q. Foley	Investment			2500—
23		F. N. Burns	Bal. Acct. less 2 of 2434 31	2 25	110 53	11672 61
Mar 1	J 2	Bills Rec.	Disct'd A. & Q. note			859 93
3		" "	Mc Connell & Co. note			6484 7
6	J 3	Bills Pay.	Disct'd our note at bank			495—
16		Madse. Dept. A	Cash Sales			1660—
24		Consignment I-B				262 50
28	J 4	F. Blachue				1126 39
28		H. B. Wellman Shipt #1	Acct. Sales with C. W.			283 50
			Cash \$1340 74	24 25	1340 74	17010 40
		Accts. Rec.	Dis. 24 25			1364 99
		Madse. Dis. Contra Credit				86 13
						18461 52
Apr 1		Balance bro't down				1684 04

130. **The Cash Book.** Your cash book in this outline will have three columns on each side instead of two as formerly, and each column will have a distinct use. Mark the columns of your cash book as shown in the form in 129 except that *Accounts Receivable* might be written instead of *Customers' Ledger* and *Accounts Payable* instead of *Creditors' Ledger*. In the cash book you have just been using, you will remember that you did not enter cash directly when merchandise discount was considered a part of the payment, but that you made the entry in your journal and posted the cash to the cash book. Now all such entries will be made directly in the cash book, the amount of merchandise discount being entered separately in the Discount

## Cash Cr.

DATE	L. F.	ACCOUNT DEBITED	EXPLANATION	CREDITORS' LEDGER		GENERAL
				MOSE DIS	CASH PAYMENTS	
191-						
Jan 2		Expense	Paid Jan rent #1			150-
2		Wdse.	Bot Q R Harris Stock #2			1500-
10		Pillsbury Flr. Mills Co.	Inv. 1-P		1125-	
10	J. 2	Armour Packing Co.	Ch. 1/2 of Inv. 2-Q			94008
10		Pillsbury Flr. Mills Co.	Inv. 2-P \$2500.00 less 2% 5	50-	2450-	2570.00
Feb 1		Expense	Rent Feb			150-
1		Salaries	Bookkeeper, Jan			50-
1		Ext. Htg	Expense Bill, 1, Cur			42-
1		Expense	Exp. Bill, 2, Water, Jan			2-
11		Pillsbury Flr. Mills Co.	Diff. in full of acct		2875-	
21	J. 7	Bills Pay.	N. B. M. Accept. less dis			19433
23	J. 1	P. W. Burke	Withdrawal		6450-	10073
Mar 1		Expense	Rent March			150-
1		Salaries	C. W. B., C. A. F., Student			175-
1		Expense	Exp. Bill, 3, Water Feb			2-
6		Schnull & Co.	Inv. 7-d, N. Y. draft	3613	116821	
6		Col. & Each.	On above draft			468
10		Bills Pay.	Note, Armour Co.			94008
13		Consignment 1-B.	F. H. B. draft for adv.			300-
13		" "	" " " freight			1125
13		" "	" " " cartage			325
16		Wdse. Dept. Q	Dried Fruit			1000-
31		Consignment 1-B.	Acct. Sales remitted			333420
			Cash \$7618.24	8613	761821	904889
		Accts. Pay.	Discount 8613			770434
		Wdse. Dis. Contra Debit				2425
		Balance In bank, ch. stb. #18				168404
						1846152

column, and the amount of cash received in the Cash Receipts column; or, if it be cash paid out, in the Cash Payments column. Study carefully the form of cash book in 129 and observe how the discounts are entered, totaled and posted. Do not be discouraged because you find it difficult to understand every step of your work at first, for the subject that you are taking up now is the hardest subject that you will encounter at any time in your course, but it is one that will not be made easier by postponing it, while it will grow easier by practicing it. When you have carefully plodded through your first day's work and have taken your first trial balance, you should begin to understand the work of this outline. But read very carefully every word of your instructions and consult your teacher at any time that you do not clearly see what is meant.



131. **The Journal.** You will use in this set what is termed a four-column journal. Observe that two of these columns are on the left hand and two on the right hand side of the entries after the style of your six-column journal. Observe further that the two inner columns are marked *General Ledger* and of the outer columns that the one to the left is marked *Creditors' Ledger* and the one to the right, *Customers' Ledger*. With these explanations you are now ready to open your books.

132. Enter in your four-column journal at the head of the page a statement and entry similar to the following, the resources and liabilities of which are taken from the Business Statement of C. W. Burke & Co's. business on March 31; but take your figures from the Resources and Liabilities of the Business Statement which you have just rendered at the close of Outline III.

133

*College City, Y. S. April 1, 191-*

CREDITORS' LEDGER	GENERAL	L F		L F	GENERAL	CUSTOMERS' LEDGER
			C. W. Burke and C. A. Foley, copartners doing business under the firm name of C. W. Burke & Co., have this day begun a general jobbing and commission business as dealers in Teas, Coffees, Sugars, Choice and Fancy Groceries, Fruit and Farm Produce. The rental for the premises will be \$1200 <sup>00</sup> per annum, payable quarterly. The gains and losses are to be shared equally, each partner reserving a salary of \$100 <sup>00</sup> per month for his time, and interest at 6 percent on his investment and paying interest at the same rate on all withdrawals. The resources and liabilities of the firm at this date are as follows:			
			<i>Resources</i>			
	1684 04	2	Cash			
	5105 92	3	Merch.			
	684 78	8	Bills Rec. Anderson & Qnd. 7/30 30d			
	3102 50		Accts			
			McConnell & Co. \$717 <sup>00</sup>			
			Park Grocery Co. 2385 <sup>00</sup>			
			<i>Liabilities</i>			
			Expense (Water bill due and unpaid)	4	2 -	
			Salaries (Due and unpaid)	5	250 -	
			Bills Payable	8	853 04	
			Keystone Co. 2-21, 30d \$353 <sup>00</sup>			
			C. C. Bank. 3-10, 60d \$500 <sup>00</sup>			
			Accts Payable	1	1233 28	
			Keystone Co. \$645 <sup>00</sup>			
			Schnull & Co. \$588 <sup>00</sup>			
			C. W. Burke's Net Investment		5492 61	
			C. A. Foley's " "		2746 31	

(a) Check the items of the opening entry in 133 with the accounts in your practice ledger and observe that all the figures entered in the sundries columns are to be found in the ledger on the page indicated, except the two items marked Accounts Receivable and Accounts Payable and that for these you can find only the personal accounts composing them. Now open two new accounts in your practice ledger (the ledger of C. W. Burke & Co.) on page 15, entitling one of the new accounts Accounts Receivable and the other Accounts Payable, and posting to each of them the amount entered against that title in the opening entry in 133.

(b) Check the opening entry of your own business with the accounts in your ledger in exactly the same way, opening accounts with Accounts Receivable and Accounts Payable on pages 32 and 33 of your ledger and placing opposite the name of each account in the opening entry of the ledger or cash book the page number as in other posting. This finishes all the work necessary in opening the ledger at this time since all other accounts already have their places in the ledger, except Cash, which you find is a balance brought down in your two-column cash book. Transfer this balance by red ink transfer entry, from the two-column cash book which you have been using, to the General Ledger column of the three-column cash book which you will use in this outline, ruling the two-column cash book with the usual red ink closing lines.

134. The observant student will, at this point in his work, undoubtedly feel that his ledger balance is spoiled by inserting the additional debit to Accounts Receivable and the additional credit to Accounts Payable (items which do not balance each other) when at the same time the individual accounts which make up these totals remain in the ledger. The explanation of this is that from this time on in your work you will not take the individual accounts into the same trial balance in which Accounts Receivable and Accounts Payable appear, but your ledger will hereafter be divided into three separate books (or what represents three separate books) known respectively as the General Ledger, the Customers' Ledger (Accounts Receivable) and the Creditors' Ledger (Accounts Payable); and your trial balance will appear in three parts as illustrated below by figures taken from C. W. Burke's ledger immediately after posting the new accounts of the opening entry preceding, as instructed in 133 (a).

135. Illustrative form of trial balances for Outline IV.

*Trial Balance, of C. W. Burke & Co's books, April, 19-*

1	C. W. Burke			544261
1	C. Q. Foley			274631
2	Cash	168404		
3	Merchandise	510592		
4	Expense			2-
5	Salaries			250-
8	Bills Receivable	68478		
	Accounts Receivable	310250		
8	Bills Payable			85304
	Accounts Payable			123328
		1057724	1057724	

*Customers' Ledger*

	<i>McConnell &amp; Co.</i> <i>Park Grocery Co.</i> <i>Accounts Receivable</i>	717 <sup>50</sup>		
		2385-		
			3102 <sup>50</sup>	
		3102 <sup>50</sup>	3102 <sup>50</sup>	

*Creditors' Ledger*

	<i>The Keystone Co.</i> <i>Schnull &amp; Co.</i> <i>Accounts Payable</i>		645 <sup>18</sup>	
			588 <sup>10</sup>	
		1233 <sup>28</sup>		
		1233 <sup>28</sup>	1233 <sup>28</sup>	

136. Take such a trial balance of your ledgers now, or immediately after making and posting your opening entry. If you have a loose-leaf trial balance book, take separate pages for the trial balance of each ledger, and with a bound book either take separate pages for each ledger, or if the number of personal accounts are not too many, divide a page by ruling the adding and footing lines through the center of the page. Balance the sub-ledger trial balance with red ink at the bottom of the page and enter the footings. Accounts Receivable and Payable in the general ledger should always be balanced so that the balance brought down may agree with these red ink entries in the sub-ledger trial balances.

You are now ready to proceed.

1. Draw up in duplicate a lease for storeroom for one year, and present it to the College Real Estate Company or to your teacher for signature. You will sign for your firm on the second line. Make the terms \$1,200 per annum, payable quarterly in advance, and make the first payment. You will find duplicate forms of lease in your legal blanks. Pay in currency and take receipt. To obtain this currency draw your check in favor of *Cash* for the amount and present it at the bank for the money. Make entry on the credit side of the cash account, placing the figures in the sundries column, as shown in 129. Deliver one copy of lease to your teacher and file one with your Receipts and Papers.

2. Make a shipment to some student (one not on your list of customers preferred) of all the sugar of E. H. Wemple's stock (see inventory) which you will find in your envelope of wholesale merchandise. Make entry in your four-column journal as in former work, see 105, (1), and 106, 18, discounting  $12\frac{1}{2}\%$  that the merchandise may be credited and the shipment charged at cost so that the loss or gain resulting from this transaction will appear in the account entitled (*Consignee's name here*) *Shipment No. 1*<sup>1</sup> and not in the merchandise account. Make out not only the shipping invoice but the triplicate shipping receipts as in former work and deliver goods with the shipping order to your freight office to be delivered to the consignee upon payment of the freight charges. Deliver to the consignee the shipping invoice; and duplicate freight receipt, retaining the original or stub receipt yourself. The freight office may be omitted if teacher so instructs. See 3 following.

1. Make shipment numbers consecutive to each consignee. If you have made one shipment to the same person already this would be No. 2.

3. Solicit a consignment of merchandise from some student, consulting your teacher as to whom you would best apply, and when you receive the invoice and duplicate freight receipt (see explanation of shipment in 2 above) take the freight receipt to the freight office, pay the freight bill and get the merchandise. If there is no freight office and the goods are delivered to you directly by the shipper, compute the freight by the table of freight rates furnished in the back of your wholesale price list and pay the freight at the teacher's desk. Make entry in your cash book, General Ledger column, similar to the entry in the six-column form, 105 (g), charging, *Consignment No. 3<sup>1</sup> (Consignor's name and address here)*, for the freight only, as there will be no charge for advances paid by draft unless the consignee has drawn on you exactly as illustrated in the practice. Open the ledger account, from the invoice as instructed in 106, 14, (c). Since you are using your invoice book in this outline for entering and filing all invoices received (see 126, 1), the Merchandise compartment of your filing case, No. 5, is not in use and may be used advantageously for the filing of the shipping invoices received with consignments. Place on the invoice the proper memoranda, showing lot number and filing letter, date received and page of journal entry, then place it alphabetically in your invoice filing compartment.

4. Fill all orders from customers which were approved by your teacher at last closing, on the regular terms of the schoolroom, and enter in the sales book, charging the purchaser on account and extending the amount into the right hand merchandise column. See forms in 121 (a) and (b). Sell Dep't. E goods to T. & T. Co., preparing voucher check for approval as in former sales.

5. Observe that in pasting invoices received into the invoice book as illustrated in 126 and 128, you have made entry for purchases received to that date. If any invoices have been received since, paste them into the invoice book in like manner and proceed to pay for all invoices bought from students as follows:

(a) Pay by acceptance or note all bills with which the draft or blank note has been sent out by the seller, being careful to observe that all amounts are correct. Make entry in your journal, debiting the creditor in the Accounts Payable column and crediting Bills Payable in the Sundry column with proper explanation as in form below.

10560	N. Ellwelling	Bills Payable	10457
		Mdse. Disct.	1 06
	Paid for Inv. No. 52 by note at 3rd less 1%.		

(b) Pay for other invoices received, by note or in cash, so planning your payments that of all the bills paid in this day's work, at least one-half will be by note or acceptance. Cash payments will be entered in the cash book on the credit side, the amount of the check or currency being placed in the Creditors' Ledger column and the amount of Mdse. Disct., if any, being placed in the Discount column.

(c) Pay at least one and preferably two invoices that call for cash, by drawing at sight, on some one who owes you, in favor of your creditor (see instructions in 109, 2, b). Cash payment made by sight draft not being cash to you (but counted cash by the one who receives it) will be entered in your four-column journal charging the creditor in the Creditors' Ledger column, and crediting the drawee in the Customers' Ledger column as in the form following, the discount being entered in the General Ledger column.

1. Make consignment numbers consecutive throughout your practice. This is much more convenient in marking the goods in the warehouse. It is called the *Lot No.* It is followed by the consignee's initial in references merely as an index to the filing case.

34525	J. Smith & Co.	H. P. Lender	33835
		Mdse. Disct	690
	Paid J. S. & Co. by sight draft for Int. No 53 less 2%.		

6. Make entry for all payments that have been received since last closing, carefully distinguishing between payments of accounts (payment for bills rendered) and payment of notes or acceptances. Enter all payments of accounts as follows:

(a) For notes or acceptances that have been received in payment of accounts, make entry in your four-column journal debiting Bills Receivable and Mdse. Disct. (if any), in the Sundry column and crediting your customer in the Customers' Ledger column with proper explanation as in the form below.

27508	Bills Receivable	F. E. Morrison	27685
277	Mdse. Disct.		
	Accepted F. E. M's draft at 30 d in full for Int. No. 54 less 1%.		

(b) For payments received in cash, including sight drafts, make entry on the debit side of your cash book placing the amount of the check, currency, bank draft, or sight draft, in the Cash Receipts column and the amount of discount, if any, in the Discount column.

(c) For payments received for notes or acceptances, make entry on the debit side of your cash book in the sundries column for the face of the note or acceptance crediting Bills Receivable; and on a separate line, immediately following the entry for the note, make entry crediting Interest and Discount for the cash received for interest, placing the figures also in the sundries column. See 119, 7 and 8, or the entry for Feb. 10 in cash book form in 129.

7. To close the Cash Book. (a) Add each column of your cash book in pencil and make a penciled proof of your cash exactly as in former cash book work, but omitting from this penciled computation the footings of the Mdse. Disct. columns and adding together, to make your cash debit, the footings of Cash Receipts and Sundries on the debit side and to make your cash credit, the footings of Cash Payments and Sundries on the credit side.

(b) When cash proves, draw a single red ink line across all three columns of each page immediately below the figures and enter the footings in ink. Red ink is sometimes used for the footings of the discount columns to distinguish them, as these do not represent cash either received or paid out.

(c) Rule the Mdse. Disct. and Cash Receipts' and Payments' columns with double lines beneath these footings, and make entry below these lines for the total cash received or paid out as follows:

(1) On the debit side of the cash book enter to the credit of Accounts Receivable the sum of the footings of the Cash and Discount columns representing the Customers' Ledger and carry the amount into the General Ledger column, as shown in 129, on debit side of form.

(2) On the credit side of the cash book make entry charging Accounts Payable for the sum of the footings of the Cash and Discount columns representing the Creditors' Ledger and carry the amount into the General Ledger column, as shown in 129 on the credit side.

(d) Observe now that you have debited Cash for the footing of the Mdse. Disct. column which was not cash received and that you have credited Cash in the same way for the footing of

(d) Add together the footings of the Sundries and Merchandise columns and post the total to the debit of Accounts Receivable in the general ledger. The ruling of your sales book for this

✓	Sundry Cr. *	1897 -	1897 -	23989 72
	Wdse. Cr.	23989 72		
	Accts. Rec. Dr.	25886 72		

\*Checked (✓) because not to be posted.

(c) If a Sundries column be used in this invoice book as in the sales book, its items would post to the debit of the respective accounts as from a journal debit column and the total would add to the merchandise total to make the credit to be posted to Accounts Payable. In this closing there is no Sundries column used in the Invoice book and the total footing of Merchandise column posts, as in (b), to the debit of Merchandise and to the credit of Accounts payable. See form below :

	Mdse. to Accounts Payable				2797 <sup>54</sup> / <sub>2</sub>
--	---------------------------	--	--	--	-----------------------------------

(a) Take up your four-column journal, and beginning with the first entry following the opening entry, take the first debit item found in the General Ledger column, which is probably Expense \$50, and looking down through all the items of the debit General Ledger column of the journal to see if there be any other items charged to Expense, add together mentally all such items, writing the result in red ink in the debit column on the same line with Expense or on the first vacant line of the trial balance copied from the General Ledger, if there be no item of Expense in the copied balance. Passing down the debit column, your next item is probably a debit to a shipment, but whatever it may be, take the **next** item, and in the same way add to it all the other items debited or charged to the same account in the General Ledger column of the journal and carry it into the copied balance in red ink as before. As there is no account entitled *Shipment* in the copied balance with which you started, write the present total on a new line (the first vacant line), using red ink as before. Continuing down the column you will probably find one or more items of Bills Receivable. Add these together and write them in red ink on the same line with the Bills Receivable item in the copied balance. You will also be likely to find in the debit journal column several items of Mdse. Discount. Add these together and write the result in red ink in the debit column of the trial balance, using a new line as there is no item of Mdse. Disct. in the balance which you copied. Continue in this manner until you have aggregated in



the respective accounts and carried to the debit column of the trial balance, in red ink, all the items found in the debit General Ledger column including the footing of Accounts Payable carried into the column at the closing.

(b) Proceed in the same manner with the credit General Ledger column of the journal, adding together all items that go to the same account and carrying them into the credit column of the trial balance previously copied, making sure that no title is repeated in the balance which you are constructing. Continue this to and including the footing of Accounts Receivable carried into the General Ledger column at closing, and when all items of these two columns have been thus carried into the trial balance in red ink, the red ink items added by themselves should balance. If they do not, it will help you to prove one side at a time to know that the sum of the red figures on either side of this balance added to the opening entry figures for the same side should give the journal sundries footing for that side. When they do, add together such items of the copied trial balance and of the red ink balance as appear together in the same line and on the same side, and extend all items into the second pair of columns on the trial balance paper as shown in the form illustrated in 72 (e). The addition of the two balances written into the first pair of columns and extended into the second pair should also balance and the footing of the new balance should be equal to the sum of the footings of the copied balance and the red ink balance which was made up from the journal. This last suggestion will aid you in deciding on which side the mistake has been made in case the balance does not immediately prove.

(c) Take the cash book and proceeding down the General Ledger column on the **debit** side of the book, aggregate the items belonging to the respective accounts (if there be more than one item for the same account) and write the results in red ink on the **credit** side of the second pair of trial balance columns which you have just proved, each result on the same line with the name of its account or on a new line if it has no account. In aggregating these items omit any which show that they have been posted from the journal to the cash book as these are already aggregated in the balance taken from the journal. **Include** in this aggregation all other items from the general column including the Accounts Receivable and Mdse. Disct. amounts below the first addition lines. Add together the red ink items just entered on the **credit** side of the trial balance columns and write the result in black ink on the **debit** side in the line marked, *Cash*.

(d) Take up the items in the General Ledger column on the **credit** side of the cash book and deal with them in the same way including also the Accounts Payable total and the Mdse. Disct. found below the first addition lines, and enter these in red ink on the **debit** side of the second pair of trial balance columns, the same pair of columns used in (c) above but on the opposite side. Add together these red ink **debits** and write the sum in black ink on the **credit** side of the balance in the line marked, *Cash*. To prove that you have copied your cash book correctly into this constructed trial balance, add together the items appearing as the debit of cash (both red and black) and from the sum subtract the items appearing as the credit of cash, and the difference should give your present cash balance as it appears brought down in your cash book. When the amounts taken from the cash book to the trial balance in red ink prove this, add each red ink amount in the second pair of columns to the amount in black on the same line and extend the result horizontally into the third pair of columns, adding and balancing to prove that your work is correct.

(e) From the Sales Book you will obtain two **credits** which you will write in red ink into the trial balance now appearing in the third pair of columns, namely, Merchandise, which you will write into the Merchandise line in the credit column and one or more items of a consignment sale which you will enter on the credit of the line marked Consignment No. 2. Add together these two **credits**, as they appear in your trial balance in red ink, and write the sum in red ink as a **debit** on the Accounts Receivable line in the same pair of columns.

(f) Turn to the invoice book and take the one footing that appears in that book to the debit of Merchandise in red ink and to the credit of Accounts Payable also in red ink. As these

last items exactly balance and have been taken to a trial balance previously proved, the result must balance. Add together as before the black and red amounts and extend all into a fourth pair of columns, adding to prove this work. When this fourth pair of columns balances you will have a key to the correct condition of your general ledger at the present time. Compare the previous instructions step by step with the work as illustrated in 72 (e).

**13. To Prove the Customers' Ledger.** Copy the balance of the Customers' Ledger as taken after posting your opening entry and, turning to your sales book, write into it all sales to customers, adding those belonging to the same accounts, and writing the amounts in red ink on the debit side of the copied balance. Prove the accuracy of this work by adding the red ink items. The result should equal the amounts posted to the debit side of the general ledger from the sales book footings. Write the sum in pencil at the foot of the credit column. Then turn to the cash book and from the customers' ledger columns on the debit side of the book, take the credits belonging to these personal accounts, both the cash receipts and the discount, adding together all items of cash and discount belonging to the same person and writing the amounts into your copied balance in red ink in the credit column. Add these red ink credits. They should equal the total item of Accounts Receivable carried to the general ledger from the debit of the cash book. Write it in pencil at the foot of the debit column. See entry below first closing lines. Take from the Customers' Ledger column of the journal the journal credits in the same manner as above, then write it also in pencil at the foot of the debit column. The red ink results added to the former balance and extended as in the work done in finding the general trial balance above, will be a key to the customers' ledger and the penciled total taken with the former balance of personal accounts will give the balance of Accounts Receivable in the general ledger.

**14. To Prove the Creditors' Ledger.** Copy the balance taken after posting your opening entry, and write into it in red ink on the credit side the amounts of invoices bought as shown by your invoice book, following the plan given for abstracting the sales book items in 13 above. Prove by adding the red ink items just copied. The amount should equal the credit, posted to Accounts Payable from the footing of the invoice book. Write it in pencil at the foot of the debit column. Then turn to the cash book and from the columns marked *Creditors' Ledger* take both the cash payments and the discounts charged to creditors and write them into the copied balance on the debit side in red ink. Prove by adding these red ink items. They should equal the total amount posted to the debit of Accounts Payable from the General Ledger column on the credit side of the cash book. Write it in pencil at the foot of the credit column. See entry below first addition line. Next take the debit items from Accounts Payable column of the journal in the same manner. This completes the construction of a key to the balance of your ledgers by which you can discover your errors and compel the balance of your ledger as in 72 (e), and when you have learned to work it, it is quicker and easier than the copying method set forth in 72 (a), (b) and (c).

**15.** Your ledgers being now in balance, place orders with the Riverdale Fruit Co., and the Spur Coffee Co. for merchandise and in your correspondence remember that this will be your first order from the latter company, but that Mr. Wemple is well acquainted with the firm. Your letter should read somewhat as follows: "Gentlemen:—Your former customer, E. H. Wemple and (your own name), have formed a co-partnership and are pleased to state that the new firm will hereafter be known as (your name) & Wemple. We are enclosing herewith an order for merchandise on 60 days, subject to your usual discounts and trust that you will accord us the very satisfactory treatment that Mr. Wemple has always had at your hands, etc." In writing to the Riverdale Fruit Co., remember that you are the member of the firm who is known to them in a business way. This will reverse the style of the letter.

Secure your customers' orders for next day's trading, including one of E. H. Wemple's former customers among this day's buyers, (his purchase to be delivered to your teacher)

then submit your books for teacher's inspection arranged in the usual form, with the usual duplicate copy of the daily report neatly copied into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total.....No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made.....Average per hour.....Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....			Ledger Balance.....		
Total uncollected in bill book .....			In bank, Stb. No.____, .....		
Total value of notes in the safe .....			In safe, Currency .....		
<i>Bills Payable</i> , Ledger Balance .....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		

Respectfully submitted,

TEACHER'S

STAMP

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137. 1. Write a letter to the Van Camp Hardware Co. at College Center, Y. S., stating that you have been for some years engaged in the grocery business at College City, during which time you have had many inquiries for the common articles of domestic and farm hardware, and that while you cannot consider putting capital into a side line of goods at present, you would be glad to handle a small stock of their goods as a branch of their business, with only such expense to them for house rent as would represent the proportion of your floor or shelf room occupied, and a similar arrangement as to clerk hire as the business develops. State that you would be willing for the first year to undertake to manage and develop the business for the salary of one clerk, or \$100. Name a number of the business houses in College Center with whom you have been doing business as references.

2. Fill orders approved by your teacher at last closing, accompanying one bill with a draft at 30 days for acceptance and one with a note payable "on demand." In writing out the draft and note remember to deduct the 1 per cent. from the face of the bills. Make entry in sales book as in previous work.

3. Enter all invoices received since last closing, by pasting them into your invoice book (after checking carefully) and extend the amounts into the Merchandise column directly opposite the name of the seller so that in posting you will not need to lift the loose part of the bill to see to what bill the figures belong.

**Note.** Observe that while working this outline you can conveniently enter invoices at any time, just when they are received, or while closing your books after the invoice book has been ruled, provided only that you check carefully the items, extensions and other computations.

4. Pay for invoices received as follows:

(a) Sign notes or accept drafts when they accompany the invoices.

(b) Pay for one or two bills by drafts at 30 days on some of your customers who are indebted to you; and for one or two bills by sight drafts on persons who owe you. Observe that in

the case of a thirty-day draft your merchandise discount is 1 per cent. and in the case of a sight draft, 2 per cent.,—the latter being equivalent to cash to your creditor; and that the entry on your own books is the same in either case. Make entry for all of the above payments, both (a) and (b), in your journal. For one or two remaining invoices pay cash less 2 per cent. (if you are entitled to a discount) and make entry on the credit side of your cash book in the Cash Payment and Discount columns as in former work.

5. Make entry for payments received.

(a) In entering payments on account of bills sold, make entry for notes or acceptances received, in your journal as instructed in previous work, and for cash received, on the debit side of your cash book in the Cash Receipts and Discount columns.

(b) In entering payments received for notes or acceptances, enter in cash book, General Ledger column, debit side, using one line for the face of the note or acceptance paid and one line for the amount of interest.

6. Pay all acceptances or notes which you owe that have matured; making entry as in 4 (b) except that it will be on the credit side of your cash book.

7. Make a shipment of merchandise to some student to be sold on commission, and secure a consignment of goods from this student or some other, to be sold by you on commission. Make entry in both cases as instructed in 136, 2 and 3.

8. Remit to your wholesale houses for invoices last received, taking advantage of the cash discount; and place new orders for merchandise with F. W. Stone & Company, Spurr Coffee Company, and the Harmer Produce Company. Be careful not to make your aggregate orders larger than you will be able to pay for. Remember in writing your letters that Mr. Wemple has been dealing formerly with F. W. Stone & Co., and write a letter similar to the one written to the Spurr Coffee Co.

9. Take from your business blanks a form of warranty deed and fill it out neatly with pen or typewriting similar to the form presented in 138. Fill in everything that appears typewritten in 138 (including the notary's certificate) except the signatures. In doing this, you are performing the work of a real estate clerk, and preparing papers for signing. Observe that you are being required to make out these deeds not because it is your business as purchaser to prepare the deeds, for that usually is considered the business of the seller and is done at his expense; but you are required to do this work as a practice, that you may have, in turn, the preparation of each and every form of deed required in the course of study. Observe that the Townsite and Trading Co. is the party of the first part. Fill out the form carefully, asking your teacher or the manager of the Real Estate Office to assign you a suitable residence lot. Observe that both the number of the lot and number of the block enters into the description in the form of deed presented in 138 for your guidance. This residence lot will cost you \$500. If you have any money outside of the business, as for example the check withdrawn as instructed in 123, 6, use that to pay on your lot, and draw the firm's check in your favor for whatever balance you need, or for the whole \$500 if you have no money of your own. Endorse this check payable to the Townsite and Trading Co., and deliver it to your teacher or the manager of the Real Estate Office who will at this time have the deed signed and the notary's acknowledgment completed. Make entry charging yourself personally and crediting cash in the cash book, credit side, general ledger column. Explain *Withdrawn for private investment*. It is not necessary to report on the books what you did with this money, as it is not the business of the firm, but a private matter.

10. (a) Take from your business blanks a second warranty deed. This time your firm has decided to purchase a business lot with a view to erecting its own building. Negotiate with your teacher or the manager of the Townsite Co. for a suitable business lot which will cost you \$1,000. In making out this deed, observe that the Townsite and Trading Co. is again the party of the first part, but that **your firm** is the party of the second part. Observe further that a part-

nership can not buy and sell real estate in its firm name, but that the deed must be made out either to one of the partners in trust for the firm, or to the individual partners jointly, or, in case their interests are not equal, separate deeds may be executed, one to each partner, for an undivided interest in the real estate equal to his interest in the firm. Since you and your partner are equal partners by your contract, this property may be deeded to you jointly which will give each of you an undivided one-half interest. Note this feature in the form of deed given you in 139 and follow it in the preparation of the deed between the Townsite and Trading Co. and your firm at the present time. When the deed is completed, you will write out the firm's check for \$200 as a part payment and will draw up and sign a joint and several note in favor of the grantors, due six months after date, for the remaining \$800. This note should be signed individually by each member of the firm. Your teacher will sign for E. H. Wemple.

(b) In buying real estate when it is not fully paid in cash, it is customary to give a mortgage to secure the amount of the note or deferred payment. Take from your business blanks a real estate mortgage form and fill it out similar to the form presented in 140. Observe that in this form you and your partner become the parties of the first part and the Townsite and Trading Co. the second party, and that the mortgage is not to be signed by the Townsite Co. as was the deed, but is to be signed by the individual members of your firm. Note that the mortgage requires the same acknowledgment by the notary as a deed. When your deed and mortgage are properly made out, signed, witnessed by two other persons, acknowledged by the notary public, and approved by your teacher, you will turn over the check for \$200, the note for \$800 and the mortgage that secures the note, to the Townsite and Trading Co., taking possession of the deed, now the property of the firm, folding it as you did your partnership contract in 108, 2, and filing it in Compartment 1 of your filing case. Make entry debiting Real Estate, and crediting cash for \$200 and Mortgages Payable for \$800. Explain, *Invested in real estate, buying lot No. ——— in block No. ———*. Observe that this new account, "Mortgages Payable" is the same in effect as Bills Payable, but that the debt being secured by mortgage is of a more permanent nature than notes given in business and paid in 30, 60 or 90 days and may properly be given a separate account.

11. Detach from Prepared Blanks, forms 80 and 81 (a) and (b). Observe that they consist of a letter from Van Camp Hardware Company accepting the proposition you made in 137, 1, and handing you duplicate copies of the Branch House contract for your signature. Supply your name and the present date in both copies of the contract and sign both, having some student witness your signature on both contracts. File one of these signed copies in your file for Receipts and Papers and reply to the letter of the Van Camp Company, enclosing the other signed copy of the contract and suggesting any articles in the hardware line which you think you might handle to advantage and which are not included in the list mentioned in their letter. Hand this letter with the enclosures to your teacher when you submit your books for marking.

12. (a) Prove and rule cash as instructed in 136, 7.

(b) Make bank deposit.

(c) Post carefully from all your books to your ledgers, following instructions given for each in 136, 7 (e), 8, 9 and 10.

(d) Prove Bills Receivable and Payable.

(e) Take a trial balance proving all three of your ledgers. See instructions under 136, 11, 12.

13. Secure customers' orders for next day's trading, disposing of consignment received in 7 above to some one of your customers, and submit these orders with your books properly arranged for your teacher's inspection, making the usual duplicate copy of the daily report and neatly copying it into the form on page 183.

## 138 GENERAL WARRANTY DEED

**This Indenture**, made on the **15th** day of **April** A. D. One Thousand Nine Hundred and \_\_\_\_\_ by and between **The Townsite and Trading Company of College City** in the County of **Urown** State of Y. S., a corporation organized and doing business under the laws of the State of Y. S., part y of the First Part, and **C. W. Burke of College City** in the County of **Urown** and State of Y. S., part y of the Second Part:

**Witnesseth** that the said part y of the First Part, in consideration of the sum of **Five Hundred 00/100 (500)** Dollars, to **it** paid by the said part y of the Second Part, the receipt of which is hereby acknowledged, **does** by these presents Grant, Bargain and Sell, Convey and Confirm, unto the said part y of the Second Part, **his** heirs and assigns, the following described Lots, Tracts or Parcels of land, lying, being or situate in the County of **Urown** and State of Y. S., to-wit: **Lot numbered (17) seventeen in block numbered (123) one hundred twenty three in Rankin's Addition to the city of College City, the plat of which is on file in the office of the Register of Deeds of Urown County, Y. S.**

**To Have and to Hold** the premises aforesaid with all and singular, the rights, privileges, appurtenances and immunities thereto belonging, or in any wise appertaining unto the said part y of the Second Part, and unto **his** heirs, and assigns, forever; the said **Townsite and Trading Company** hereby covenanting that **it is** lawfully seized of an indefeasible Estate in fee in the premises herein conveyed, that **it** has good right to convey the same; that the said premises are free and clear of any incumbrances done or suffered by **itself** or those under whom **it** claims and that **it** will WARRANT AND DEFEND the title to the said premises unto the said part y of the Second Part, and unto **his** heirs and assigns FOREVER, against the lawful claims and demands of all persons, whomsoever,

IN WITNESS WHEREOF, the said part y of the First Part has hereunto set **its** seal and caused these presents to be signed by its president and secretary the day and year first above written.



Sealed and Delivered in Presence of

*M. M. Carson*  
*A. J. Moore*

THE TOWNSITE AND TRADING COMPANY.

By *Byron F. Burg* PRESIDENT  
*C. D. Burns* SECRETARY

STATE OF Y. S.

County of **Urown** } On this **fifteenth** day of **April** 191  
before me personally appeared **Byron F. Burg, the president, and C. D. Burns, the secretary, of the Townsite and Trading Company, a corporation,**

to me known to be the persons described in the foregoing instrument and duly authorized under by laws of the said company to execute the same for said company, and who executed the foregoing instrument, and acknowledged that they executed the same as the free act and deed of said company.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in **College City** the day and year first above written.

*Veritas Sobush*

My term as Notary Public expires

**August 31**

Notary Public.

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## 139 GENERAL WARRANTY DEED

**This Indenture**, made on the **15th** day or **April** A. D. One Thousand Nine Hundred and by and between **The Townsite and Trading Company of College City** in the County of **Urown** State of Y. S. a corporation organized and doing business under the laws of the State of Y. S., part y of the First Part, and **C. W. Burke and C. A. Foley**, copartners doing business under the firm name of **C. W. Burke & Company** in the County of **Urown** and State of Y. S., part ies of the Second Part:

WITNESSETH that the said party of the First Part, in consideration of the sum of **One Thousand 00/000 (1000)** Dollars, to it paid by the said parties of the Second Part, the receipt of which is hereby acknowledged, do by these presents Grant, Bargain and Sell, Convey and Confirm, unto the said part ies of the Second Part **their** heirs and assigns, the following described Lots, Tracts or Parcels of land, lying, being or situate in the County of **Urown** and State of Y S., to-wit.

**Lot numbered (12) twelve in block numbered (26) in the original plat of the city of College City, which plat is on file in the office of the Register of Deeds of Urown County, Y. S**

TO HAVE AND TO HOLD the premises aforesaid with all and singular, the rights, privileges, appurtenances and immunities thereto belonging, or in any wise appertaining unto the said part ies of the Second Part, and unto **their** heirs, and assigns, forever; the said **Townsite and Trading Company** hereby covenanting that **it is** lawfully seized of an indefeasible Estate in fee in the premises herein conveyed, that **it** has good right to convey the same; that the said premises are free and clear of any incumbrances done or suffered by **itself** or those under whom **it** claims and that **it** will WARRANT AND DEFEND the title to the said premises unto the said part ies of the Second Part, and unto **their** heirs and assigns FOREVER, against the lawful claims and demands of all persons whomsoever,

IN WITNESS WHEREOF, the said party or the First Part has hereunto set **its** seal and caused these presents to be signed by its president and secretary the day and year first above written.



Sealed and Delivered in Presence of

*M. M. Carson*  
*A. J. Moore*

THE TOWNSITE AND TRADING COMPANY.

By *Byron F. Burg* PRESIDENT  
*C. D. Burns* SECRETARY

STATE OF Y S }

County of **Urown** } On this **fifteenth** day of **April** 191  
before me personally appeared **Byron F Burg**, the president, and **C. D Burns**, the Secretary, of the **Townsite and Trading Company**, a corporation,

to me known to be the persons described in the foregoing instrument and duly authorized under bylaws of the said company to execute the same for said company, and who executed the foregoing instrument, and acknowledged that they executed the same as the free act and deed of said company

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in **College City** the day and year first above written.



*Veritas Sobek*

My term as Notary Public expires

**August 31**

Notary Public.  
191..



140.

# MORTGAGE

## This Indenture Witnesseth

That C. W. Burke and C. A. Foley, copartners doing business under the  
firm name of C. W. Burke & Co. in College City,

of Urown County and State of Your State

# MORTGAGE WARRANT

To The College City Townsite Company, a corporation organized and doing  
business under the laws of the State of Your State

of Urown County, in the State of Your State for the sum  
of Eight Hundred (800) Dollars

the following REAL ESTATE, in Urown County, in the  
State of Y. S. to-wit: Lot numbered (12) twelve in Block numbered  
(26) twenty-six in the original plat of the city of College City, which  
plat is on file in the office of the Register of Deeds of Urown County,  
Your State.

To secure payment to the said College City Townsite Company  
of the sum of Eight Hundred (800) Dollars, according to the terms and  
conditions of one certain promissory note, in words and figures as fol-  
lows, to-wit:

College City, Y. S., April 15, 191\_.

Six months after date we jointly promise to pay to the order of  
The College City Townsite Company \$ 800.00  
Eight Hundred 00/100 Dollars  
at their office in College City, Y. S., with interest at eight per cent  
per annum. Value received.

C. W. Burke

C. A. Foley

the said note being executed by said C. W. Burke and C. A. Foley, as co-  
partners.

And the mortgagors expressly agree to pay the sum of money above secured, without relief from valuation laws,  
and upon failure to pay any one of the notes, at maturity, or any installment of interest when due, then all of said  
notes and the whole of said debt, are to be due and collectible, and this mortgage may be foreclosed accordingly.  
And it is further expressly agreed, that until all of said notes are paid said mortgagors will keep all legal taxes and  
charges and assessments against said premises paid as the same become due, and will keep the buildings thereon  
insured for the benefit of the mortgagee, as his interests may appear, and failing to do so, said mortgagee may pay  
said taxes and assessments and keep the buildings on said property insured, and the amount so paid, with eight  
per cent. interest thereon, shall be a part of his debt secured by this mortgage.

In Witness Whereof, The Mortgagors have hereunto set  
hand and seal this fifteenth day of April 19

M. M. Carson

A. J. Moore

} Witnesses.

C. W. Burke

(SEAL)

C. A. Foley

(SEAL)

## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

.....191....

141. 1. Fill orders approved by your teacher and make entry in your sales book, observing that the sale of consignment goods (see 137, 13) will be extended into the Sundries or central column.

2. Enter in invoice book all invoices received since last closing that are unentered.

3. Accept drafts or sign notes that have come to you with invoices received, but let all other invoices received from students remain on account for future settlement.

4. Make entry for payments received and pay all bills payable that are due, following instructions in 137, 4 and 5.

5. Select some one of your customers who owes you, whom we will suppose to be a carpenter, and supposing that you have employed him to re-arrange the shelving in your store, give him a receipt on account for \$25.00 for the work done, and make entry in your four-column journal crediting the student in the Customers' Ledger column the same as if he had paid you money. What account do you debit? If you cannot decide consult your teacher.

6. Make a shipment of merchandise to some student to be sold for you on commission and secure a consignment to be sold by you in the same way. Make entry as per instructions in 137, 5. Observe that the only entry made at the time of receiving a consignment is for the cash paid for freight and is made directly in the cash book, General Ledger column.

7. Sell a bill of merchandise to your partner charging the goods **at cost** to his private account, opened on page 3 of your general ledger, and make entry in your four-column journal crediting merchandise in the General Ledger column in order that it may not appear regularly among your sales, the partners of the firm, and usually the employes, being allowed their goods at cost. When you post these items of merchandise to the ledger, make an explanatory note in the wide column, *Sold to partner*, as you will need to take a special note of this item when making your proof.

8. Draw a check in your own favor for \$100 in cash and either have it certified<sup>1</sup> at the bank or exchange it for a certificate of deposit. Make entry for this transaction in your cash book on the

1. Banks do not, in some localities, make a general practice of certifying checks, preferring to cancel the check and to issue their own certificate of deposit for the amount.

credit side in the general ledger column, charging to your own private account, also opened on page 3 of the ledger, as a half page each for private accounts for yourself and partner will be sufficient. These accounts in the case of retail dealers might easily be as extended as any customer's account, but we will use them merely for illustrative purposes in the closing of the books.

10. Remit to wholesale companies in full for invoices purchased, taking advantage of the discounts, and place orders for new goods with any of the companies with which you have been dealing. In your letters intimate that you have recently received some very interesting quotations from some other houses in their line and that it will be necessary that they quote their very best prices if they hold your trade.

11. (a) Prove and rule cash

(b) Make bank deposit.

(c) Post all entries to your ledgers.

(d) Prove Bills Receivable and Payable.

(e) Secure customers' orders for next day's trading, disposing at this time of goods received on consignment but **mixing** consignment goods and some of your own merchandise in **each** of two sales.

12. Prove Merchandise, following previous instructions and being careful to carry goods sold at cost in a separate department column as instructed in 106, 30 (b), or you might add to the amount of the selling discount deducted on line 8 of your expert report the extra discount allowed on the sale to your partner; but the plan in 106, 30 is the better. Follow the same plan as to shipments that have been made, as these have been charged out also at cost. If you have returned merchandise to some one, treat it in the same manner. If it has been returned to you, it will perhaps be easiest to deduct the amount from both debit and credit of Merchandise; otherwise it will make a distinct class as it comes back to you at a 3% discount which figures as its cost price in this proof.

13 (a) Make entry as instructed by your teacher for the correction of all errors discovered.

(b) Make entries charging each partner with interest on his withdrawals and crediting him with interest on his investment as per contract.

(c) Post these additional entries and take a trial balance.

(d) Make out a balance sheet as in 114 adjusting the loss or gain on each partner's private account and close your books.

(e) Draw the firm's check in favor of each partner for the amount of his gain at this time or if either partner's private account shows a loss, require him to give the firm a note for the deficit that the amount of his investment may not be impaired. If Mr. Wemple should need to give a note, your teacher will act for him in signing it. You will make entry for these notes or cash payments the first thing in your next day's work. Submit your books to your teacher with all papers reserved for his inspection and a duplicate copy of your full report carefully filled out and neatly copied into the form below.

## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable, Ledger Balance</i> .....			Ledger Balance.....		
Total uncollected in bill book .....			In bank, Stb. No.____, .....		
Total value of notes in the safe.....			In safe, Currency .....		
<i>Bills Payable, Ledger Balance</i> .....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		

MERCHANDISE	Department A Goods		Department E Goods		TEACHER'S MARKING			
Cost of Mdse. bought.....					Accuracy.....	3		
Present inventory.....					Neatness.....	2		
Cost of goods sold .....					Orderliness.....	2		
Sales of merchandise.....					Records.....	2		
Gain, red ink; Loss, black....					Progress.....	1		
Errors: Our fvr. red; cont. black					Average.....			

Respectfully submitted,

TEACHER'S



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142. 1. Detach from your prepared blanks, Forms 82, 83, 84, and 85. Observe that 82 is an invoice of hardware from the Van Camp Hardware Company; that 83 is the freight bill of the R. R. Co.; that 84 consists of tickets representing the goods; and that 85 is your confidential price list.

(a) Open in your general ledger on page 35 an account with *Van Camp Hardware Company, Parent House*, and index it as other accounts.

(b) Make entry for the invoice by pasting it into your invoice book among other invoices, but in extending it into the money column note that it **must not be extended with the other invoices**. Set apart the left hand money column for this class of goods alone and mark it *Branch House Merchandise* or *Hardware* (as you have no Hardware of your own) marking the other column General Merchandise. These columns will be used in this manner while working the remainder of this outline.

(c) Pay the freight bill and charge it to a special Freight account which you may open on page 36 of your ledger and designate as *Branch House Freight*.

(d) Place the tickets representing the hardware in a separate merchandise envelope which you will designate as *Department B*.

(e) File your catalog and price list with Receipts and Papers for reference.

(f) Rearrange the pages of your sales book so that you will have 4-column pages instead of 3-column, while working the remainder of the outline and mark these columns, *Items, Sundries, Special Branch House* and *Merchandise*. Any unused 3-col. pages can be transferred to the back of the loose-leaf sales book.

2. Fill orders approved by your teacher and make entry in your sales book, observing that the sales of consignment goods on orders secured as in 141, 11 (e), include some of your merchandise in addition to the consignment stock. In billing these orders and in entering them in your sales book, discount the consignment goods and your own merchandise separately, so that the net amount of consignment sales in each bill may be extended into the sundries column and the net amount of merchandise into the merchandise column. A form for this bill which will also serve to suggest the form for the sales book entry is presented on the page following.

(a)

ALL CLAIMS FOR SHORTAGE OR DAMAGE MUST BE MADE WITHIN TWO DAYS FROM RECEIPT OF SHIPMENT REFER TO ORDER NUMBER

**Chester W. Burke**JOBBER IN GROCERIES AND GROCER'S SUNDRIES  
COLLEGE CITY, Y. S.ORDER NO. 175May 10, 1911SALESMAN J. F. T.SOLD TO E. Harrison & Co.TERMS 3rd 3/10 C.Indianapolis

5	half chests Yunc Java Tea	375x	at 33 1/2¢	125.00				
10	" " English Breakfast "	600x	at 62 1/2¢	375.00				
				500.00				
			Less 3%	15.00	485.00			
10	lbs Fancy Gots	250x	at 25¢	Less 30¢	60.62			545.62

Observe that while you have heretofore taken one uniform trade discount off the total of all bills sold, this plan has been followed to prevent your work's becoming too intricate for your skill, and that in business you will be liable to have a different rate of trade discount on each separate item of the bill. In your sales book entry, the first extension in the form above which represents consignment goods would be extended into the Sundries column and the second, representing your own merchandise, into the Merchandise column.

Sell Dep't E goods to T. & T. Co. Only those included in proof should be sold if student wishes to keep his work as easy as possible. Selling unproved goods may makê errors harder to find and corrections more difficult but will give better practice.

3. Enter in invoice book all invoices received since last closing that are unentered.

4. Make payments by notes, acceptances (if drafts accompany any bills), or drafts on firms that owe you, for all invoices received; and make payment in cash for all time paper (notes or acceptances) matured. See 136, 5 (a) and 119, 8.

5. Make entry for payments received as instructed in 136, 6.

6. Make a shipment of merchandise to some student to be sold on commission and secure a consignment of goods from this student or some other to be sold by you on commission. Make entry as instructed in 136, 2 and 3.

7. Render account sales of all consignments that have been sold out and if any goods of any consignments received prior to this day's work remain unsold, make a special sale of them to one of your customers on regular terms.

8. Select some one of your customers who is in debt to you and give him a receipt for \$10 on account, explaining that it is a rebate allowed him on account of his liberal patronage. Charge this rebate to Merchandise Discount in your journal. What account do you credit?

9. Exchange your residence lot for a business lot adjoining the one recently purchased by the firm and give your personal note secured by mortgage for the difference in valuation. Your residence lot cost \$500, your busines lot is valued at \$1,000. Observe that two deeds and a mortgage must be made out to properly complete this transaction.

(a) Take a warranty deed form from your business blanks and fill it out making **yourself** the party of the first part and the **Townsite and Trading Co.** the party of the second part, and transferring by exactly the same description the property deeded to you as a residence lot. The only essential difference in form between this deed and the one illustrated in 138, lies in the

reversing of the parties, the signature, and the notary's certificate, in which respect this deed will more resemble the mortgage form presented in 140. There will, however, be only one signer instead of two.

(b) When you have prepared, signed with witnesses, and acknowledged before a notary public the above described deed to the Townsite and Trading Co., proceed to prepare a deed in which the Townsite and Trading Co. will be the party of the first part and you, personally, the party of the second part and which will transfer to you a business lot in the same block and adjoining the lot purchased some time ago by your firm. The form of this deed follows the form presented in 138, exactly except as to description of property and amount of money. Prepare it carefully, ready for the company's and notary's signatures.

(c) Draw up your note in favor of the Townsite and Trading Co. for \$500 and proceed to fill out a mortgage taken from your business blanks making yourself the party of the first part, and the Townsite and Trading Co. the party of the second part, and describing in it the business lot for which you have just traded, that is, the description in the mortgage must be the same as in the company's deed to you. In all other respects this mortgage will be very similar to the form presented in 140, the only difference being your individual signature instead of the signatures of yourself and partner.

(d) Observe that as this is **an individual transaction**, entirely outside of the firm's business, it has no place on the firm's books and there will be no entry.

10. Buy from some one in the room, a note against one of your creditors. Make entry in your cash book charging Bills Receivable and make a record of the note in your bill book. If you can obtain this note for less than its face value, do so; but in that case be careful in making your entry not to place the amount of discount in the Mdse. Disc. column. This belongs to Interest & Discount, and you will be less liable to error if you make the entry in your journal, and post the cash immediately to the cash book. Another form for making this entry would be to enter the face of the note on the credit side of the cash book and the amount of discount on the debit side, both items appearing in the General Ledger column; but the journal entry is the better in this set of books.

11. When you have secured and entered this note as above, transfer it to the maker as a payment on your account paying or receiving the difference in cash. Note in your bill book in the How Paid column what you have done with this note and make entry for the transaction in your journal, posting cash (if there be any in the entry) immediately to your cash book. If this note be interest-bearing, credit Interest & Discount for the interest.

12. Remit to wholesale houses in full for invoices last received, taking advantage of the discounts, and place orders with the H. W. Spurr Coffee Co. for coffee and with F. W. Stone & Co. for tea, using your own judgment as to quantities. Write neat business letters stating the amount of your remittance and the discount to which you are entitled and mentioning the new order which you enclose.

13. Detach from your Prepared Blanks forms 86, 87, and 88, second invoices of hardware from your Parent House with the freight bill and goods. Make entry as instructed for forms 82, 83 and 84 in 142, 1.

14. (a) Prove and rule cash.

(b) Make bank deposit.

(c) Post all entries. In posting from your invoice book, you will have one additional column representing hardware or branch house merchandise received. Post the total footing of this column to an account in your ledger which you may open in the middle of page 36 and will style Hardware, Branch House Goods.

(d) Prove Bills Receivable and Payable.

(e) Take an abstract of the personal ledgers and when the sub-ledgers balance, rule and balance the Accounts Receivable and Payable accounts.

(f) Take trial balance of general ledger.

15. Secure orders for next day's trading, including C. Connick, one of E. H. Wemple's former customers, among your buyers. In filing these orders dispose of all consignment goods that you have on hand and of as much hardware as possible. In making sales of consignment goods, mix these with your own merchandise in each order as in the sale illustrated in 142, 2 (a). In making sales of hardware (branch house goods) observe that your price list quotes a trade discount of  $16\frac{2}{3}\%$  from catalog prices instead of the usual 3% customary in the school-room. In making out customers' orders for these branch house goods you will discount and extend goods of this class by themselves as in the two items of consignment goods included in the form in 142, 2 (a). Observe, however, that in making sales of hardware to students who are not as far along in their work as you are, you will allow them only the 3% discount and will extend the amount of the hardware into the Sundries column as you have been doing in the sales of consignment goods. But in the case of students who are up with you or ahead of you in their school work, you will allow the full  $16\frac{2}{3}\%$  trade discount quoted in your confidential price list, discounting hardware items separately and extending the net amount into the Special Hardware column added to your sales book in the interest of this business. Secure 8 or 10 orders ready for your teacher's approval and then submit these orders with your books properly arranged for inspection and with a duplicate copy of your daily report copied neatly in the form following.

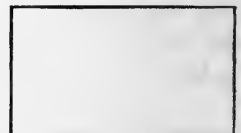
### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



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143. 1. Fill orders approved by your teacher and enter in your sales book. In billing remember to discount consignment goods and branch house goods separately, and in entering remember to extend the net amounts of consignment sales into the Sundries column and the net amount of branch house sales on which you have allowed  $16\frac{2}{3}\%$  trade discount into the Special Branch House column, extending branch house sales at 3% discount into the Sundries column. In the case of sales of hardware, send out with one half of the bills a draft at 30 days for the buyer's acceptance, and with each of the remaining invoices that include hardware a joint and several note at 30 days for the buyer's signature. See form of note sent out by Mr. Burke in 55 (c).

2. Check and enter all invoices received.



3. Make payment for invoices as you see fit except when otherwise specified by your creditors.

4. Make entry for all payments received whether for notes and acceptances or for accounts, noting carefully this difference in entry, that payments of accounts are extended into the Customers' Ledger columns and payments of notes or acceptances into the General Ledger column.

5. Make payment for all of your own notes or acceptances that have matured. Enter in cash book, General Ledger column.

6. Make a shipment of merchandise to some student to be sold on commission and draw on him at sight for about one half of the cost value of the shipment. Review information given you on the subject of shipments and consignments in 106 if necessary. Observe that in making this shipment you will deliver to the consignor the shipping invoice only, that the R. R. shipping order will go with the goods to the freight office and that the original<sup>1</sup> bill of lading will be transferred to the bank as security for the payment of the draft which you draw. Take your pass book with you to the bank, that the banker may give you credit for the amount of the draft less whatever interest charge he may make for the time necessary for collecting, and make a corresponding record in your check book.

7. Secure from some student a consignment of merchandise to be sold on commission and if no consignor has as yet drawn a draft on a consignment in your hands, ask your consignor at this time to draw on his shipment for about half of its value.

8. Render account sales of all consignments closed out and make entry according to previous instructions.

9. Sell to the Townsite and Trading Co., for cash less 2½ per cent., all goods in your Department E envelope. This transaction might be made directly in the cash book but it is more convenient for proof purposes and correct from the standpoint of a history of business done to have your account with the T. & T. Co. show all transactions. (See 83, b). Enter the sale in the sales book and the payment in the cash book. Use Voucher Check as usual.

10. Remit to wholesale houses for invoices last received and place a new order with each and an additional order with the Harmer Produce Company for a large quantity of apples, 25 boxes of oranges, 200 sacks barley, and such other goods offered in their price list as you see fit to order. Write an original letter and secure your teacher's criticisms when you present it for his approval.

11. Detach from your Prepared Blanks forms 89, 90 and 91, making entry, paying freight and putting away goods as in the case of former invoices received from your parent house.

12. Detach from your Prepared Blanks forms 92 and 93. Observe that 92 is a legal notice from the trustee of the Fruitland Grocery Co., one of Mr. Wemple's customers who has become insolvent, notifying you to submit an itemized sworn statement of your account against this company. And that 93 is such a statement already made out in the name of the firm and sworn to by E. H. Wemple, the member of the firm who knows the most about it. File form 92 in your letter file and place 93 in your file of papers to be delivered to your teacher when you present your books for marking.

13. (a) Prove and rule cash.

(b) Make bank deposit.

(c) Post all entries. For Invoice Book see instruction for previous posting. In posting from the sales book, you will have the footing of the Special Branch House column which you will post to the credit of the Hardware account on page 36, and you may also have a number of hardware items (sold at 3% discount) in your Sundries column which you will post to the Hardware account on page 36 separately.

(d) Prove Bills Receivable and Payable.

(e) Take abstract of personal ledgers and when these prove, rule Accounts Receivable and Accounts Payable.

(f) Take trial balance of general ledger.

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1. Use special form, *Order Bill of Lading* to accompany a draft. See Form 54, in 106, 14, (b).

14. Secure orders for your next day's trading, disposing as usual of all consignment goods and making extensive sales of hardware and of your own merchandise but do not sell out your entire stock in any department and be careful to reserve 40 sacks barley and all the oranges for later instructions. Secure 8 or 10 orders and submit them to your teacher for approval with your books properly arranged for inspection and the usual duplicate of the daily report copied neatly into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

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144. 1. Fill orders approved by your teacher at last closing and make entries carefully, following instructions given in 143, 1. Deliver the goods and invoice of the sale made to C. Connick into the envelope of papers that will go to your teacher with your books at the end of this day's work.

2. (a) Render account sales of all consignments on hand and sold out. If any are not sold out at this time, make extra sales until you dispose of them and then render account sales and remit by check to the consignors.

(b) Make a shipment of oranges to U. R. Teacher & Co., College Center, sending not less than ten nor more than twenty boxes of the oranges bought from the Harmer Produce Company. Render shipping invoice and make out bills of lading in due form. Deliver Invoice and B/L by placing in the envelope of papers to be delivered to your teacher when your books are submitted.

3. Deliver one card each of oranges and barley (reserved by instructions in making up customers' orders in 143, 14) to your teacher, telling him that the oranges are to be put in your cellar for personal use and the barley to be taken to the stable for the firm's delivery horse; and state what entry you have decided to make for the transaction.

4. Sell the business property for which you traded in 142, 9, to the firm for \$1,050; they to assume the note and mortgage for \$500 which stands against the property and to pay you cash for the difference less the accrued interest. Compute the interest on the \$500 note from its date to the present date and deduct the amount from \$1,050. Draw the firm's check in your own favor and place it with your personal papers. This real estate and the note given for it, now

appear on the firm's books for the first time. Make entry in the journal charging Real Estate \$1,050, crediting Mortgages Payable for the assumed note of \$500, crediting Interest & Discount for the interest accrued on the note to date, and crediting Cash for the amount of the check to you. Post cash immediately to the cash book, General Ledger column. Make a record of the note in your bill book. Execute a deed from yourself to your partner for an undivided one-half interest in "Lot—, Block— of the original plat, etc." following out the description in the deed which you hold. In all other respects this deed will be similar to the deed which you executed in favor of the Townsite Co. in 142, 9 (a). Observe that by deeding directly to your partner an undivided one-half interest in the property and retaining an undivided one-half interest yourself, the title to this lot stands exactly as the title to the lot which the Townsite Co. deeded to yourself and partner jointly. It would seem superfluous for **you** to deed jointly to **yourself** and partner in this case. Hence the plan of transfer followed above.

5. (a) Detach from your Prepared Blanks Form 94. Observe that it consists of the legal notice from the trustee of bankruptcy in the matter of the Fruitland Grocery Company, informing you that you will receive in settlement of your claim against that company 60% of the \$88.50 owed you by the company and that the same will be delivered to you in person or to your order on return of the letter attached to the bottom of the form. Detach this creditor's letter to trustee filling<sup>1</sup> in the only remaining blank with the words, *to me by mail*, and sign the firm name as creditor. Place the creditor's letter with papers to be handed to your teacher when books are examined.

(b) Detach from your Prepared Blanks Form 95, which you will observe is the trustee's warrant for \$53.10 or 60% of the debt. Make entry in the cash book for the cash received, crediting the Fruitland Grocery Co. exactly as you would credit any other customer, explaining, *60% of account in full settlement*. You will observe that 40% of this account is lost, but since the account is one that Mr. Wemple brought into the firm as a part of his assets and for which he received credit at the time as a part of his investment, this loss will be charged to him personally. Turn to your four-column journal and make entry charging E. H. Wemple in the Sundries column and crediting Fruitland Grocery Company in the Customers' Ledger column for the amount of the loss. Explain, *E. H. Wemple is charged for loss on account of Fruitland Grocery Company's insolvency which was a part of his investment as partner*. Take up Form 94, the trustee's check for 60% of account, and observe that it is a special form of voucher check with a special receipt attached. Write your name on the face of the check following the words "pay to the order of." Observe that this unnatural writing of your name in papers payable to you is often unavoidable when using prepared vouchers for illustrative purposes. Were this an actual business transaction, your name would have been written in the check by Mr. Archer. Insert the date also in both check and receipt. Antedate it two days to allow for time in transit and sign the receipt without detaching it from the check. Then fold along the dotted line so that the face of the check will be exposed and place in your cash drawer ready for deposit in your bank with other cash items.

6 (a) Endorse and remit to the Van Camp Hardware Company, your parent house, all the notes and acceptances received for sales of hardware and make entry charging the Van Camp Parent House account.

(b) Collect all matured notes or acceptances and pay all that you owe.

7. Detach from your page of prepared blanks, Form No. 96, the bill of the College Real Estate and Collection Co., for services in recording deeds and paying taxes. Carefully separate the items that pertain to your residence lot from those that pertain to the firm's business lot and make entry, remembering that the former should be charged to your private account as a personal expense to you, and the latter to the Real Estate Account of the firm. Write your firm name and the present date at the head of the bill and file the item dates giving item, (a), the date of

1. Be careful to fill in your own name and the date in all prepared blanks that require it.

transaction 137, 9 and 10; and items, (b), (c) and (d), the present date. Pay by check at Real Estate Office or the teacher's desk and have the bill receipted. File with Expense Bills, numbering the bill consecutively with other expense bills to identify it in entry and explanation. Also detach and pay Water Company's bill, Form No. 97, charging to Expense and numbering and filing as above.

8. Charge Expense and credit each partner's private account for the amount of salary. Charge Interest & Discount<sup>1</sup> and credit each partner with 6 per cent. interest for the time elapsed since last closing, counting time as you do for the maturity of notes. Charge each partner<sup>2</sup> with interest on withdrawals (as they appear in the respective private accounts) from the date of the item to the present time.

9. (a) Prove and rule Cash.

(b) Make bank deposit.

(d) Prove Bills Receivable and Payable.

(e) Take an abstract of the personal ledgers and when sub-ledgers prove, rule Accounts Receivable and Payable in general ledger.

10. Take a careful inventory of all the goods remaining in your stock of branch house merchandise (hardware), and proceed to prove all merchandise transactions connected with your branch house department. As you will observe by consulting your confidential price list, the profit on these goods is based, not on an original list price, as in your customary dealings with students, but on a basic cost price, as in the business of C. W. Burke. See footnote to price list. You will, therefore, rule a blank form with one total and two department columns similar to the form used by Mr. Burke in proving merchandise in 106, 30 (e). In working out this expert proof, observe that the hardware sold at  $16\frac{2}{3}\%$  discount, the total amount of which you will learn from the footing of your Special Branch House column in the sales book, will be treated as one class of goods, which you may style Class A, on which the per cent. of profit to be added will be 25% and that the goods sold at 3% discount will be assigned to a separate class or department which you may style Class B, the per cent. of profit to be added in proving this class being  $45\frac{1}{2}\%$ . See footnote in price list. The total amount of sales in Class B you will learn by deducting the sales of Class A from the total credit of Branch House Merchandise in your ledger. In all other respects this proof will be very similar to that in the former C. W. Burke business referred to. You should be able to work it out without further instructions.

11. When you have completed the proof of your Hardware account, consult your teacher, if necessary, as to the proper entries, to correct any errors that you find, and when these correction entries are made and posted, proceed to render to your parent house a statement of the condition of the branch house business as follows:

(a) Enter the inventory of hardware on hand on the credit side of the Hardware account as you would the Mdse. Inventories in closing an account with your own merchandise. Balance the Branch House Freight account with red ink and transfer the amount to the debit side of the Hardware account. The difference between the two sides will then represent the loss or gain of the business. Transfer it by a red ink entry to the account with Van Camp Company, Parent House.

(b) Make entry charging the Van Camp Company, Parent House, and crediting your Expense account for the proportion of your rent which they are entitled to pay under their contract, counting each day that has transpired as 10 days provided the total time does not exceed one half of the term for which you have paid rent as per lease executed at the beginning of this outline.

(c) Make a second entry charging the company and crediting your Salaries account for clerk hire at \$100 per month for the time that has elapsed, counting as in (b) above.

1. Another method of making this interest settlement will be presented in Outline V.

2. Observe that interest on the loss on the Fruitland Grocery Company which was charged to Mr. Wemple, should be counted from the date of his investment as it never came into the firm and its withdrawal therefore dates back to the beginning of the partnership.

(d) Draw your check in favor of the Van Camp Company for the balance due as shown by the account of the Van Camp Company, Parent House, at this time. Enter in your cash book, on credit side, General Ledger column and post at once to the Parent House account. Render a statement in the form following and attach to it the check you have just drawn, reserving these papers to be presented to your teacher with the books.

### *Van Camp Company-Parent House*

191	Apr 24	Total transferred	45	2032 75	191	Apr 1		129	1062 75
	30	rent Jan	4	50 -		5		150	2540 -
	30	Salary	4	100 -		10		189	624 -
	30	Freight	36	23 85		30	Gains		575 09
	30	Inventory		1926 39					
	30	Ch. to bal. C. B.	11	668 85					
				4801 84					4801 84
					May 1	Balance on hand			1926 39

### *Hardware-Branch House*

191	Apr 1			1062 75	191	Apr. 30	Sales. S. B.		2875 45
	5			2540 -		30	Inventory		1926 39
	10			624 -					
	30	Gains to P. H.		575 09					
				4801 84					4801 84
May 1	Inventory			1926 39					

12. Prove Merchandise, following previous instructions, and watching carefully for items that are handled on irregular terms.

13. Make entries as instructed by your teacher for the correction of all errors discovered in your merchandise proof, post these entries and take the trial balance. Make a balance sheet showing the loss or gain adjusted on each partner's private account (see 114), and the net private loss or gain carried to the stock account. Close your books carefully and trial balance them after closing to insure accuracy. Then prepare Analytical Statement as in 86 for teacher's filing and submit all of your books to be graded with a duplicate copy of your full report copied neatly into the form below. Submit also the usual customers' orders for approval but make no sales of Hardware. Consider the department as "Closed to take stock."<sup>1</sup>

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

1. Modern methods make the closing of a store or a department a very unusual thing except in case of an assignment in bankruptcy or an attachment. A contemplated change in your firm that may affect your Branch House business is the real reason.

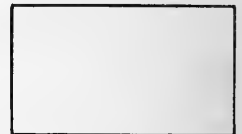
NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....			Ledger Balance .....		
Total uncollected in bill book .....			In bank, Stb. No. _____, .....		
Total value of notes in the safe .....			In safe, Currency .....		
<i>Bills Payable</i> , Ledger Balance .....			In safe, Checks, _____ .....		
Total unpaid in bill book .....			Total Cash on hand .....		

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING		
Cost of Mdse. bought .....			Accuracy .....	3	
Present inventory .....			Neatness .....	2	
Cost of goods sold .....			Orderliness .....	2	
Sales of merchandise .....			Records .....	2	
Gain, red ink; Loss, black .....			Progress .....	1	
Errors: Our fvr. red; cont. black .....			Average .....		

Respectfully submitted,

TEACHER'S



STAMP

145.

.....191.....

Shipment Ledger, *June 1* ... 191

L.F.	CONSIGNEE'S NAME AND ADDRESS, ITEMS AND CHARGES	MDSE.	TOTAL COST	CREDITS	EXPLANATION	DATE
	<i>Bullock &amp; Co. #1, Eureka</i>					
	<i>25 sks. Prunes 2500x at 11¢</i>	275-				
	<i>10 " " 1000x 9½¢</i>	95-				
	<i>100 bbls. Apples 3.¢</i>	300	670-	760-	<i>L. 6</i>	<i>June 8</i>
<i>6.7</i>	<i>Insurance 1%</i>		670			
			8330		<i>Gain</i>	
			760-	760-		
	<i>2</i> <i>J. N. Flint #1, Santa Fe</i>					
	<i>200 bbls. Apples 82.5¢</i>	500-				
	<i>500 bu. Potatoes 50¢</i>	250-	750-	750-	<i>L. 6</i>	<i>9</i>
<i>6.7</i>	<i>Insurance 1%</i>		750	750	<i>Loss</i>	
			75750	75750		
	<i>3.</i> <i>J. W. Goke #1, Chicago</i>					
	<i>150 tubs Butter 9150x at 25¢</i>	2287-				
	<i>50 cases Eggs 1200 doz. 22¢</i>	264-	2551-	266742	<i>L. 6</i>	<i>10</i>
<i>6.7</i>	<i>Insurance 1%</i>		2551			
			9091		<i>Gain</i>	
			266742	266742		
	<i>Shipt. Dr. Mdse. Cr.</i>	3971-				

**146 Special Co-Partnership.**

THIS CERTIFICATE WITNESSETH, That the subscribers are desirous of forming, and have formed, a special co-partnership; that the name under which said co-partnership is to be conducted is **C. W.**

**Burke & Company**

; that the general nature of the business intended to be transacted thereby is that of **General Jobbing and Commission Business**

that the names of all the co-partners and the statement specifying which are general and which are special partners, and the investments of each, are as follows: **C. W. Burke** and

**H. F. Walter**

, residents of

**Urown**

County, State of

**Y. S.**

are general partners, and they contribute to the capital stock of the firm as follows, viz. **C. W.**

**Burke, Five Thousand (5000)**

Dollars and

**H. F. Walter, Five Thousand (5000)**

Dollars, and

**C. A. Foley**

of

**Humbolt**

County, State of

**Y. S.**

is a special co-partner in the co-partnership of

**C. W. Burke & Company**

and has

contributed **Twenty-five Hundred (2500)**

Dollars to the

capital stock thereof; and will not be responsible for the debts of the firm beyond the amount of the said investment.

The active management of the business of this partnership is to be in the hands of **C. W. Burke of College City**, who is to receive therefor a salary of **One Hundred** Dollars per month.

The gains of the business, and the losses, except in case of bankruptcy, are to be shared equally, each partner first receiving interest on his investment for the time it is invested at the rate of **six** per cent. per annum, provided the rate does not exceed the total rate of gain.

This co-partnership shall begin on the **first** day of **May** 19\_\_ and end on the **thirtieth** day of **April** 19\_\_ unless otherwise legally dissolved

Witness our hands this **first** day of

**May** 19\_\_

*C. W. Burke* (Seal)

*H. F. Walter* (Seal)

*C. A. Foley* (Seal)

STATE OF Y. S., }  
COUNTY OF UROWN, } ss:

On this **first** day of

day of

**May**

in the year 19\_\_

, before me

**Veritas**

**Sobeit**

, a Notary Public in and for the county of

**Urown**

State of **Y. S.**, duly commissioned, qualified and active as such, personally appeared **C. W. Burke, H. F. Walter, and C. A. Foley** personally

known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that **they** executed the same.

In witness whereof I have hereunto set my name and caused my official seal to be affixed on the day and year first above written.



Notary Public in and for

**Urown**

County, State of **Y. S.**

My commission expires

19\_\_.

STATE OF Y. S., }  
COUNTY OF UROWN, } ss:

**C. W. Burke**

being duly sworn, deposes and says That **he**

is one of the co-partners in the special co-partnership of **C. W. Burke & Company**,

that the sums specified in the certificate of co-partnership filed herewith as having been contributed by each of the special partners have been actually and in good faith paid, in the lawful money of the United States.

Subscribed and sworn to before me this **first** day of **May** 19\_\_



Notary Public in and for

**Urown**

County, State of **Y. S.**

My commission expires

191\_\_



DATE	L. F.	ACCOUNT CREDITED	EXPLANATION	CUSTOMERS' LEDGER		SHIPMENTS	GENERAL
				DISCOUNT	CASH		
		A special copartnership has this day been formed by name of C. W. Burke & Co., according to articles of ed with U. R. Teacher & Co. and one being placed in liabilities are, as follows:					
		Liabilities					
		Expense Lia. Inventory				2-	
		Salaries " "				250-	
		Bills Payable				853 04	
		Accts. " "				1233 28	
		Schnull & Co.		588 10			
		The Keystone Co.		645 18			
		C. W. Burke's Net Investment				5000-	
		N. F. Walters " "				5000-	
		C. A. Foley's " "				2500-	
							14838 32
May	1	Balance					6684 04
	1	A. M. Daniels	Sales, I. D. less 2%	344 19	1689 76		
	3	Wm. Brower	" 2-B. " 2%	417	2041 0		
	3	Lewis Bros.	" 3-L. " 2%	1764	869 39		
	4	Sh. Bullock & Co. Shipm.	Net proceeds			760-	
	5	J. N. Flint	" 1 " "			750-	
	5	Bullock & Co.	" 2 " "			2667 42	
	9	W. I. Bower	Rec. notes on Acct.				450-
	10	Bills Rec.	A. H. B. 1/10, 1/91-, 3rd.				650-
	11	Int. & Dis.	Dis. for 9d.				15
	11	Bills Rec.	M. A. Carson's note				420-
	11	Int. & Dis.	Int. on above				126
		Accts. Rec.	(Add horizontally)*	5630	2763 22		2819 52
		Shipments				4177 42	4177 42
		Commission					330 02
		Storage					15-
		Sundry Charges					16 13
		Mdse. Dis.					588
							15569 42
May	14	Balance					7774 11

## CASH JOURNAL

DATE	L. F.	ACCOUNT DEBITED	EXPLANATION	CONSIGNMENTS					SHIP- MENTS	CREDITORS' LEDGER		GENERAL	
				CASH DIS.	COM.	STORAGE	SUNDY CHARGES	CASH PAYMENTS		MOSE- DIS.	CASH OR NOTE		
E. W. Burke, N. F. Walter and E. Q. Foley under the firm copartnership executed in duplicate, one copy deposit the files of the firm for reference. The resources and													
		Resources											
		Merchandise									4367-		
		Bills Receivable									58478		
		Accts. "									310250		
		Lark Grocery Co.						2385					
		McConnell & Co.						71750					815428
		Cash (Balance)											668404
													14835.32
May	3	Cons. 483, 2% Dis. S. 1-D.		1536									
	3	" 502, 2% " " 2-L.		11-									
	3	" 480, 2% " " 3-L.		11-									
	3	" 475, 2% " " 3-L.		190									
	8	Bullock & Co. Ship. 1 End.							670				
	8	J. N. Flint " 1 "							750				
	9	Bullock & Co. " 2 "							2551				
	9	Bills Rec. W. S. Bower.											4150-
	10	Cons. 481, Rendell Quot. Sales		5813	7-	665	109337						
	10	" 320, " " "		24039	7-	6-	449636						
	10	" 321, " " "		3150	1-	348	58902						
	10	Int. & Dis. 12 d. Moore & Co.											130
	11	Bills Rec. Ed. N. far. W. Co.											120-
	13	Schnull & Co. Ed. Quot.											
		Cons. (Add horizontally)*		392633002	15-	1613	617875				588	58222	657914
		Shipments							3971				3971
		Accts. Payable									588	58222	58812
		Mod. Discount \$5630											1704
		Balance											777411
													1536942

\* These parenthetical instructions are for the student and are not a part of the cash book entry.

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## COMMISSION SALES BOOK

COLLEGE CITY, May 1, 191

	L.F.		Items	Cons. Sales	Dept. B Mdse.	Mdse.
	10	Anderson & Anderson, Albion				
		Sale 20, 30d., 2/10 cash, 1/10 note 30d. 6 %				
B-1		4 hlf. chests. Y. H. Tea, 280 # at 37 1/2 ¢ less 20 %	84 00			84 00
		25 bxs. Butter, 2500 # at 30 ¢	750 00	750 00		
		25 gross, 1-qt. Fruit Jars, at \$4.00 less 16 2/3 %	83 33		83 33	
			917 33			
	9	Park Grocery Company, Beaconsfield				
		Sale 21, 30d. Sub. to draft				
		300 lbs. Armour S. C. Hams, at 15 ¢	45 00			45 00
T-1		500 " Red Cross Sealing Wax at 2 ¢ less 16 2/3 %	8 33		8 33	
		30 eks. Prunes 60-70s 3000 # at 9 1/2 ¢	285 00	285 00		
			338 33			
		Consignment Cr.	1035 00	1035 00	91 66	129 00
		Dept. B Mdse. Cr.	91 66			
		Mdse. Cr.	129 00			
		Accts. Receivable Dr.	1255 66			

## OUTLINE V.

149. 1. Organize a special co-partnership for the purpose of conducting a general shipping and commission business. In this co-partnership yourself and Mr. Wemple will be general partners and you will secure a student or your teacher as a special partner, making three in the firm. Consult your teacher in regard to the selection of the special partner. Then take from your envelope of Legal Blanks the special co-partnership form and fill it out in duplicate, following in general form presented in 146. File one copy in your filing case and deliver one to your teacher.

2. The books that you will use while working this outline will differ somewhat from those used while working Outline IV, but the same plan of general and sub-ledgers will be continued. The journal, however, will be dropped and the cash book and sales book will contain a number of additional columns. A shipping ledger and a consignment ledger will be additional books used in connection with this business. Study carefully the forms of all these books as presented in 145, 146, 147, and 148. Use your bill book as a book of original entry while working this outline as this will relieve your cash book of practically all journal entries. To do this, carefully enter all notes given or received, directly in the bill book and make no entry in any other book. Then post from the Account Credited column of bills receivable and the Account Charged column of bills payable to the ledger, checking in the L. F. column, but do not post the Bills Receivable or Payable to any account in the ledger. The bill book becomes the ledger for all notes by this plan. When notes are collected or paid, post from the cash journal to the Collection or Paid columns of the bill book the same as to any ledger account, and take the total of unpaid notes in either account to your trial balance. If in beginning this work you have a balance in your Bills Receivable and Bills Payable accounts in the ledger, balance them *To Bill Book* and consider the bill book record as taking their places in the trial balance.

150. 1. Draft a memorandum for your opening entry, embodying such statements from your co-partnership contract as you deem necessary. The lease drawn up at the beginning of Outline IV is still in force and you will pay according to its terms while working this outline. Make your opening entry in your cash book, which as it is used in this outline is usually termed the Cash Journal, following the form shown in 147.

2. (a) Pay rent as per terms of the lease signed at the beginning of preceding outline. Enter in cash book General Ledger column as in preceding work.

(b) Detach from Prepared Blanks Form 98. Observe that it is a form of circular letter. Write a number of letters similar to this form (not copies of it) adapting the statements to the facts of your own business and send one to each student with whom you have had any dealings. Consult your teacher also as to whether it may not be well to send this circular letter also to other students whose names he will give you.

(c) Write a letter at this time to U. R. Teacher & Co., College Center, informing them of the change you have made in your firm and of your decision to engage in the commission business yourselves, and ask them to render you on account sales of the oranges recently shipped them at the earliest possible date, as you wish to close up all the accounts of the old business. Make this letter a model of neatness and business composition and place it in the envelope of papers that go to your teacher when your books are submitted. Your teacher will place it on file with other specimens of your work.

3. Having decided that the advantage of having your own delivery wagon is not sufficient to justify the expense, you will sell your delivery horse and wagon to the T. & T. Company at 50% discount on cost, or to some student who may be wanting to buy such an outfit at any discount from the cost that may be mutually agreed upon. This will also suggest the disposing of the feed recently stored for the horse. See 144, 3. In making entry for sale of the horse and wagon, credit the account that was charged when they were purchased. For the feed, reverse the entry made in 144, 3, detaching Form 99, the tickets that represent the unused feed, and placing them again in stock in the proper department.

4. (a) Detach from your Prepared Blanks Forms 100 and 101, observing that Form 100 consists of an invoice of shipment from F. H. Burns, Girard, and 101 consists of the cartage<sup>1</sup> bill accompanied by tickets representing the goods. Take a page from your pad of Accounts Sales sheets and copy thereon the items of merchandise received in this consignment, filling all the blanks at the head of the sales sheet, such as *Lot Number*, *Invoice Number*, *When Received* and *Date of Invoice*. The lot number will be consecutive with the number of the last consignment handled in Outline IV, and should be followed as usual with the name of the shipper for reference. Antedate the shipping invoice to allow sufficient time for arrival, but give the cartage bill the present date, writing your own name in the forms wherever necessary. Pay the cartage and freight bills, charging to Consignment No. —<sup>2</sup>, entering the amount on the sales sheet, on the lines marked Freight and Cartage. Mark entry also in your cash book in the column designated, Cash Payments, with the explanation *Consignment No. —<sup>2</sup>, freight*. Place the date of the transaction in the date column and the check-mark (✓) in the posting column as the record which you have just made on the sales sheet is equivalent to the posting of this item. Detach from the cartage bill the tickets representing the goods and mark in ink on each ticket the lot number, either on face or back of ticket as you see fit, but distinctly and without defacing the Mdse. memoranda as all of this, including the lot number, will be needed for your information when making sales. Place these goods in a separate envelope marked Consignment Goods. Attach the cartage bill to the shipment invoice and file it as you filed such invoices while working Outline IV.

(b) The student will observe that the plan of keeping accounts with consignments has been radically changed from the ledger accounts used in the preceding Outline. If all consignments received in Outline IV were settled and closed before closing the books at the end of the outline there will be no trouble in your bookkeeping on account of the change. But if some of

1. Having disposed of your own delivery wagon and horse, you will hereafter employ a carting company to bring your goods from the freight office, and this company will pay the freight charges and include in the bill. In business they would hand you also the receipted bill of the R. R. Co. as illustrated in 106, 14, (c). See also 109, 5, where the cartage bill does not appear because you have your own cartage outfit.

2. Fill this blank with the lot number which is the next number in consecutive order, following the last consignment already received.

these consignments have not been closed, it will be desirable to transfer them from your General ledger to your consignment ledger, that is made up of Account Sales Sheets. To do this, take an Account Sales Sheet for each consignment that remains unclosed in the ledger and copy thereon all the items already posted to the ledger, giving this consignment sales sheet the lot number indicated in the ledger. Then close this consignment in the ledger by a red ink transfer entry, carrying the balance to a general Consignments account which you will now open on page 25 of your ledger. Index this account before proceeding.

5. Detach from Prepared Blanks 102, 103, 104, 105, 106, 107, 108 and 109. Observe that these consist of four additional invoices of shipments with cartage bills and merchandise similar to 100 and 101 received in 4 above. Detach an additional sales sheet from your pad for each one of the above invoices and proceed to make a record of the goods received and to pay and make entry for the freight or cartage items as instructed in 4 above. Insert these sales sheets in your loose-leaf ledger just following the title page *Consignment Ledger*.

6. Fill orders approved by your teacher at last closing, accompanying one bill with a draft at 30 days for acceptance and one with a note payable on demand. In writing out the draft and note, remember to deduct the 1% from the face of the bills. Make entry in sales book as in previous work. Sell Dep't. E goods to T. & T. Co. as formerly.

7. Enter all invoices received since last closing by pasting them in your invoice book (after checking carefully) and extend the amounts into the Merchandise column directly opposite the name of the seller so that in posting you will not need to lift the loose part of the bill to see to what bill the item belongs.

8. Pay for invoices received as follows:

(a) Sign notes or accept drafts when they accompany the invoices, making the entry in your cash book, first on the credit side exactly as in cash payments in Outline IV, placing the discount, if any, in the Discount column and the amount of the note or acceptance in the column designated as *Cash or Note*. This charges the person paid; explain as usual. Then on the opposite side of the cash book make an entry in the Sundries column, crediting Bills Payable for the face of the note or acceptance, and explaining as in any journal entry.

(b) Pay for one or two bills by drafts at 30 days on some of your customers who are indebted to you; and for one or two by sight draft on persons who owe you. Observe that in the case of a 30-day draft your Mdse Disct. is 1% and in case of a sight draft, 2%, the latter being equivalent to cash to your creditor, and that the entry on your own books is the same in either case. Make entry for these payments also in the cash book, first charging the person paid, on the credit side of the book as instructed in (a) above, and then crediting the person drawn on, on the debit side of the book in the Cash or Note column. Usually there will be no discount connected with this part of the entry, but if there is, it will go in the discount column as usual. Pay for one or two remaining invoices in cash less the customary discount and make entry on the credit side of your cash book in the Customers' Ledger column, as in former work.

(c) Pay all acceptances or notes which you owe that have matured; making entry on the credit side of your cash book, Sundries column, as in former work.

9. Make entry for payments received.

(a) In entering payments on account of bills sold, make entry for notes or acceptances received just as instructed in previous work for cash received, on the debit side of your cash book in the Customers' Ledger columns and then make an entry on the opposite side of the cash book crediting Bills Receivable in the Sundries columns. See 7 above. Cash payments are entered as in former work.

(b) In entering payments received for notes or acceptances enter in cash book, General Ledger column debit side, using one line for the face of the note or acceptance paid and one line or the amount of interest, as in former work.

10. Remit to your wholesale houses for invoices last received, taking advantage of the cash discounts, and place new orders for merchandise with at least three companies, making these orders as large as you will be able to pay for but within the "limit" prescribed in your price list.

11. If the circular letter sent out, as instructed in 2, has not brought you at least 5 consignments of merchandise from students in the room, consult your teacher as to the best means of securing these that they may be on hand for your next day's work. If they have come in, make entry for them as instructed in 4 preceding.

12. Detach from Prepared Blanks Form 110, a letter from the Van Camp Hardware Company and reply to it assuring them that in the enlargement of your business, you in nowise contemplated curtailing your efforts in the hardware branch, but that you expected through the wider patronage secured to be able to increase hardware sales very materially.

State that you are, however, through your increased capital, in a position to handle the hardware department as your own goods; that you are very glad to accept their proposition and that you enclose your check in full for the stock of goods as inventoried with an order for additional goods which you hope will have their prompt attention and an early shipment. Enclose with this letter an order on one of your own blanks duplicating their first invoice.

13. Secure orders for next day's trading.

(a) If requests for shipments (consignment of goods to be sold on commission) have not been received from at least five students, make up five invoices of shipments of goods taken from department A (do not make shipments of department B or E goods) omitting the names of the consignees, and submit them to your teacher with your books as you do your sales orders, requesting him to inform you as to who will handle the goods.

(b) Prepare at least five regular sales orders for regular customers, including in each one some of your own merchandise, and a part of at least two consignments. So arrange these sales that the goods of at least **one consignment**, the one from F. H. Burns, detached form 99, will be **entirely sold out**. Prepare one additional sales order in which you make sale of part of two consignments, some of your own merchandise, and some of the hardware or branch house merchandise.

14. (a) Prove and rule cash. This work will be very similar to the closing of your cash book in Outline IV. Observe that the cash items of the debit side will be found in the Cash and Note column of the customers' ledger, the Shipment column and the General Ledger column, and those of the credit side in Cash Payments, Shipments, Cash or Note, and General Ledger columns. While some of these columns include items that are not cash (see 150, 8, a), each of these appears on both sides on the book so that the correct balance of the cash is not thereby disturbed. Add all columns in pencil and prove your cash as in former work before drawing any ruled lines. Then enter the footings in black ink as shown in the form in 146 beneath the addition lines and add horizontally (when necessary) to obtain the total that goes to any General Ledger account, as Accounts Receivable, Accounts Payable, or Consignments, making entry for the footings of the ruled columns as follows,—on the debit side of the cash book credit Accounts Receivable for the total of the Cash or Note and Mdse. Disct. columns, and credit Shipment for the total of the Shipment column, extending both these amounts into the General Ledger column. On the credit side of the cash book charge Consignments for the total of all columns included under the heading Consignment Ledger, adding horizontally as in the closing in 147, and carrying the amount into the General Ledger column. In the same manner charge Accounts Payable with the total of the Cash and Note and Merchandise Discount columns, and Shipments for the total of the Shipment column, carrying these amounts also into the General Ledger column. Then make entry for the journal columns very much as you did in former work. The footing of Merchandise Discount debit found on the debit side of the cash book is brought over to the credit side and, diminished<sup>1</sup> by the footing of the Cash Discount Consignment column, is entered to the debit of Merchandise Discount on the credit side of the cash book in the General Ledger column. The

---

1. This subtraction should show in the closing of the cash book.



Merchandise Discount found under the title of Creditors' Ledger, is credited to Merchandise Discount on the debit side of the cash book in the General Ledger column. The other journal columns, as Commission, will be credited to accounts designated by the headings of the columns, making entry on the debit side of the cash book in General Ledger column. If these entries and contra entries are correctly made, the cash balance is not disturbed. When it proves, enter the cash balance as in former work. Complete the closing and bring down the balance below the closing lines.

(b) Make bank deposit.

(c) Post all entries. Your posting from the cash book will be very similar to that in former work. You will observe, however, that shipment items on both sides of the cash are, or should be, check-marked if the items have already been entered in the shipment ledger; if not, proceed to enter and check as shown by the form in 147. Observe also, that all items included under the Consignment Ledger heading are, or should be, checked in the L. F. column of the cash book, as these items should already appear on the pages of your consignment ledger. Other items, post as in Outline IV.

The posting of your invoice book is so similar to Outline IV as to need no further instructions.

In posting from your sales book the principal difference will lie in the advantage you now have in using a separate column for each separate class of goods. Observe how the column footings are posted in the form in 148. The customer's debit is of course posted the same as in former work. The separate credits of each consignment (designated by lot number) are to be posted to the sales sheet of that consignment in the consignment ledger in the credit column marked Sales with full explanation of each item and date of sale, instead of being posted to an account in the general ledger. See 106, 21, and Form on page 128.

The shipping ledger requires no posting except for the total of Mdse. Column and it may or may not be posted for the purpose of the daily closing, as you see fit, but must be posted in the general closing of the books, and you may post it at this time as a matter of practice. Posting in the shipping ledger consists merely in ruling and adding the Merchandise column and, at the foot of it, making the journal entry, *Shipments To Merchandise*, and posting to the Shipments and Merchandise accounts in the general ledger. A careful study of the forms of the books presented in 145 and 147 should make further instructions entirely unnecessary.

(d) Prove Bills Receivable and Payable.

(e) Take an abstract of your sub-ledgers and prove and rule Accounts Receivable and Payable.

(f) Take an abstract of your consignment ledger (Account Sales Sheets) and prove its agreement with the Consignments account in the general ledger.

(g) Prove the agreement of your shipping ledger (the total cost and credit columns) with the Shipments account in your general ledger. Take a special page of your trial balance book on which to record these proofs.

(f) Take a trial balance of the general ledger.

15. Submit your books to your teacher for approval, arranged as instructed in 98 with your prepared shipping invoices and customers' orders and with a duplicate copy of your daily report copied neatly in the form following:

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.



NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

.....191.....

**151.** 1. (a) Your first business in this day's work will be to send out shipments of goods to be sold on commission to the persons indicated by your teacher when your books were approved. But before doing this, it will be necessary to close the shipment accounts kept in your ledger while working Outline IV and transfer them to the shipping ledger, which is the plan of keeping shipment accounts in the work of this Outline. Turn to your accounts with shipments in the general ledger and copy into your shipping ledger all the items of each inclosed shipment, making the record in the shipping ledger as nearly like the record shown in the form in **147** as possible. Rule and foot the merchandise column and post-check the total, since these shipments have all been closed out of merchandise. Then in your ledger, balance each one of the former shipment accounts (which you have just transferred to shipping ledger) with red ink, and transfer the balance to a general account with Shipments on the page following the account which you opened with Consignments as instructed in **150**, 4 (b).

(b) Now proceed to send out shipments of goods to be sold on commission to the persons indicated by your teacher when the books were approved. First make entry of the items and cost amounts of each separate shipment in the shipping ledger as shown in the form in **145**. Pay to your teacher (or at the insurance office) insurance on each of these shipments at  $\frac{1}{2}\%$  on the cost value. Enter in your cash book, credit side, Shipment column. Transfer this amount immediately<sup>1</sup> to the shipping ledger, placing it on the debit side beneath the cost items of the shipment with the explanation *Insurance* and check the entry in the cash book in the L. F. column, as in the form in the cash book in **146**.

2. Fill orders approved by your teacher at last closing, making the entries in your sales book and being careful to follow the forms presented in **148**. In the billing work of this outline, it will be necessary that the items of each separate consignment, also of your own merchandise and of hardware, should be discounted separately, and you must remember that hardware sold at 3% off is extended in the sales book, into a column separate from that discounted  $16\frac{2}{3}\%$ . See Illustrative sales in **148**. Your ownership of the stock will not release you from keeping it in a separate department.

3. Enter all invoices of merchandise (not invoices of shipment) received since last closing, by pasting them into your invoice book after checking them carefully and extend the amounts into the merchandise column opposite the name of seller as usual.

4. Render account sales of all consignments that were closed out as instructed in **150**, 13 (b). To know whether a consignment is closed out or not it is not necessary that you

<sup>1</sup> 1. It may not always be convenient and need not be considered necessary to transfer this item immediately to the shipping ledger. When the student is familiar with his work this can be done at the same time as the regular posting. In the beginning of his practice in this set of books, it is best, however, that this transfer be attended to while the matter is directly in hand.

should look through your warehouse (envelope of goods) to see whether any of the goods of that lot remain in stock, but you should be able to tell from the sales sheet of each consignment in the consignment ledger exactly when the entire lot is sold out. To do this, observe, first, that a record of the quantity and kind of goods received appears at the top of each sheet and that an itemized list of the quantities and kinds of goods sold is shown in the sales column on each sheet. Carefully add together the quantities of the goods sold and when it equals the quantity of the goods received, it indicates that the consignment is entirely sold out and that you are ready to render an account sales. The next step is to take from your pad of Account Sales Sheets a duplicate blank and copy thereon all the items, receipts, sales, charges, etc., appearing in the consignment account in the consignment ledger. Then proceed to enter on this duplicate sheet, commission at 2% on sales, and on the line next following, guaranty at 1% of all time sales not collected. Balance and close the account as indicated at this point to show the net proceeds as all charges strictly incident to commission sales are already entered. Bring down the net proceeds as a balance below the closing lines. The next item in the charges column is, as you will observe, advances already paid and charged. Next below this you will compute and enter interest on all advance payments made on account of this consignment whether for drafts or freight, from the time made to the present date, and on all time sales from the present date to the date of maturity of the sale.<sup>1</sup> Deducting these additional charges from the net proceeds brought down as above, you have the amount of remittance, if made by check, from which exchange at regular bank rate will be deducted to show the face of the draft if remittance is to be made in that manner. Turn to your cash book, and on the first blank line on the credit side charge to the consignment designated by its lot number, the items just entered on your duplicate sales sheet, namely, commission in the Commission column, storage at 1c per week per unit (barrel, case or crate, etc.), guaranty and interest in Sundry Charges column and the remittance in the Cash Payments column. If the remittance be made by draft, the cost of exchange being also paid in cash, the same amount goes into the remittance column though it is separated in the entry on the Sales Sheet.<sup>2</sup> Post these items from the cash book to the consignment ledger, making the consignor's account exactly like the duplicate sheet on which you have been making entries and from which you took the cash book entry. If this posting exactly balances and closes the consignment account in the ledger, your consignment is closed and you may draw your check for the amount of the remittance, or may purchase your draft at the bank and enclose it with the duplicate sales sheet to the consignor. Observe that as all cash payments are placed in one column in the cash book, there will be no difference in the entry whether payment be made by check or by bank draft. Enter the present date in the date line at the head of the Account Sales Sheets, both the duplicate and the one retained in the ledger.

5. Detach from your Prepared Blanks Forms III (a) and (b), the letter of U. R. Teacher & Co. in reply to your letter written as instructed in 150, 2 (c), together with the account sales of your shipment of oranges. Reply to the letter enclosing shipping receipt for 1,000 lbs. of prunes and 500 lbs. of pears and instruct the consignee to charge the deficit on the orange shipment against this one. Draw a draft at thirty days on this shipment for its cost value less the deficit on the shipment of oranges and discount the draft at the bank assigning the original<sup>3</sup> B/L as security. In making entry for this shipment remember that it will be known as "U. R. Teacher, Shipment 2," the orange shipment having been designated as "U. R. Teacher, Shipment 1." Credit this shipment on the debit side of the cash book with both the deficit on the orange shipment, and with the \$90-draft, placing the figures in the Shipments column. Then on the credit side of

1. These charges cover all the interest to which the consignee is any way entitled. In many instances the consignee elects not to charge interest except on advances, and when the time is short not even on that item, preferring to give his customer the advantage of interest and to charge a higher commission.

2. If it is desired to reserve the Cash Payment column for payments on account of Net Proceeds alone the sundry charges column can be labeled Cash charges and used for Freight, Cartage, Exchange, Insurance and all expense paid in cash, an additional column being used for the charges now assigned as Sundry. Storage is often included in the sundry group.

3. To accompany draft, use special form, *Order Bill of Lading*. See Form 54, in 106, 14, (b).

the cash book charge Interest and Discount in the General Ledger column for the discount on the draft and U. R. Teacher's Shipment No. 1 in the Shipment column for the deficit on the orange shipment.

This would end the entries, but, as you will remember, this shipment of oranges was a part of the resources of yourself and Mr. Wemple when you took in your partner for this commission business and you two should bear the entire loss. To adjust this, turn to your shipping ledger (you were instructed in 151, 1 (a), to copy all items of unclosed shipments into this ledger) and adding to the debit of that shipment as it appears in the ledger the deficit just now charged against it, divide the amount into two equal parts and make entry, first on the credit side of the cash book, charging one-half each to the private accounts of Mr. Wemple and yourself on separate lines in the General Ledger column. Then on the opposite side of the cash book credit U. R. Teacher Shipment No. 1 in the Shipments column for the total that has been charged to the two partners. File the account sales in your filing case and place invoice of Shipment No. 2 and your letter in the envelope of papers that are to go to your teacher with your books.

6. Detach forms 112, 113, 114, 115, 116, and 117. Observe that you have three additional invoices of shipments with the cartage bills and goods. Detach a page from your pad of sales sheets for each one of these shipments and proceed to make entries as instructed in 150, 4.

7. If you have received any invoices of shipments from students, proceed to make entry for them exactly as for the detached forms in 6. If no shipments have as yet come in, consult your teacher as to securing them for without his permission you must not close this day's work until you have received and entered between 5 and 10 incoming shipments of merchandise for commission sales.

8. Pay for invoices received and make entry as instructed in 150, 8 (a and b). Pay all matured paper that you owe and make entry as 150, 8 (c).

9. Make entry for payments received, whether on account of invoices or for notes and acceptances. Follow instructions in 150, 9 (a and b). Remit to wholesale house in full for all invoices that have matured and place orders with at least three houses for additional merchandise. Make daily closing, proving consignment ledger and shipping ledger and proving and ruling your Accounts Payable and Receivable before taking your trial balance. See order in 150, 14.

10. (a) Secure usual customers' orders for next day's trading, mixing these orders (as would naturally occur in many orders in business) so that each will contain parts of more than one consignment and either some of your own merchandise or some of your branch house merchandise or both. If possible sell out one or two consignments entire, but not all to one customer.

(b) Prepare also five invoices of shipments out of goods taken from your merchandise, but not Department E.

(c) Submit these customers' orders and proposed shipments to your teacher, who will suggest buyers and consignees as usual, presenting at this time your books arranged in the usual form for his examination and approval, accompanied with a duplicate copy of your daily report first neatly copied into the form below.

152. 1. Render account sales of all consignments that are sold out and make entry according to previous instructions.

## REPORT

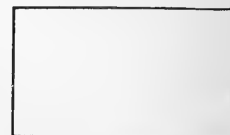
*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

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2. (a) Send out today's shipments, making out bills of lading carefully and pay insurance at the usual rate.

(b) Bill sales orders approved by your teacher and enter in your sales book, being careful both in the invoice and in the sales book to compute discount separately on items belonging to separate departments, as consignments and hardware.

3. Check and enter all invoices received.

4. Make payment for invoices, by cash, note, or draft as you see fit, except when otherwise required by your creditors.

5. Make entry for all payments received whether they be payments on account, or payments of notes or acceptances, noting carefully this difference in entering, that payments of accounts will be extended into the Customers' Ledger columns with the merchandise discount in the Discount column and that payments of notes or acceptances will be extended into the General Ledger column with their interest entered on the second line in the same column, or their discount (if they be discounted) entered on the opposite page of the cash book and extended into the General Ledger column.

6. Make payment for all notes and acceptances that have matured, entering in the cash book, General Ledger column. For the largest one of these notes or acceptances, do not pay cash in full but draw your check for about 60% of the note and interest, and for the balance give a new note with an endorser, that is, get some one to write his name on the back of the note.

7. Make a payment of some note that is not matured, securing the discount. Observe that in making the entry, the face of this note will go in the General Ledger column on the credit side of the cash book and that the discount will not go into any discount column but will be credited to Interest and Discount and entered in the General Ledger column on the opposite page of the cash book, the difference between the two entries being the amount of the payment.

8. Detach from your prepared blanks Form 118 and reply quoting coffee at 15 to 18c less trade discount. Reply by Western Union Telegraph paying at the rate of 37c per word<sup>1</sup> at the telegraph office or at the teacher's desk. File this form (which you observe consists of a letter and a bill of lading enclosed) in your letter file. Then detach Form 119, which you will observe consists of tickets representing the coffee consignment, accompanied by the cartage company's bill for cartage and freight advanced. Pay the bill making entry as usual, and open the usual account with the consignment.

9. Detach from your prepared blanks Forms 120, 121, 122, 123, observing that they consist of a letter with three enclosures from U. R. Teacher & Company. Fasten the account sales and statement together and file with other account sales. File the letter as usual. Place the draft

1. Better use the exact rate from your city to this point.

in your cash drawer and make entry on the debit side of the cash book in the shipment column for the net proceeds of the account sales, less the \$4.91 deficit on the orange shipment and the \$90 draft, both of which have been entered in 151, 5. Then on the opposite side of the cash book charge to Interest & Discount the \$1.35 and the entry is complete.

10. Detach from your Prepared Blanks, Forms 124 and 125, observing that you have an invoice from the Van Camp Hardware Co. followed by the goods and a bill for the freight and cartage.

(a) Pay freight bill and make entry charging to the former B. H. Freight account, not because these are branch house goods, but because these goods form a separate department, and you can conveniently use this freight account to keep the freight on these goods separate from the freight on other goods. You may change the name of the account to Freight on Hardware. Charge the invoice to Hardware and post to the former Hardware account.

(b) Draw your check in payment for this invoice, taking advantage of the cash discount and remit by placing it in the envelope of papers to go to your teacher.

11. Remit to wholesale houses for invoices last received and place a new order with each for such goods offered in their price lists as you see fit to order. Write an original letter and secure your teacher's criticism when you present it for his approval.

12. (a) Prove and rule cash.

(b) Make bank deposit.

(c) Post all entries.

(d) Prove bills receivable and payable.

(e) Prove shipping and consignment ledgers.

(f) Take abstract of your personal ledgers and prove and balance accounts receivable and payable.

(g) Take your trial balance.

(h) Secure customers' orders for next day's trading, making such sales of consignment goods as will close out all consignments received, and submit these orders to your teacher with the envelope of papers reserved to be presented to him at this time and with your books properly arranged for inspection, accompanied with the usual duplicate copy of your daily report also neatly copied into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance .....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe .....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book .....	.....	.....	Total Cash on hand .....	.....	.....

Respectfully submitted,

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TEACHER'S



STAMP

153. 1. Render account sales of all consignments sold out during your preceding day's work.
2. Fill orders approved by your teacher at last closing.
  3. Check and enter all invoices received.
  4. Make entry for all payments received. Distinguish carefully between payments of account and payments of notes or acceptances.
  5. Make payment for invoices received, either by cash, or note, or by draft on persons that owe you unless otherwise specified in the terms of the bill.
  6. Make payment for all your own notes or acceptances that have matured.
  7. Detach from your Prepared Blanks Forms 125 and 126, paying freight and cartage and making entry as instructed in 152, 10.
  8. Remit to wholesale houses as usual, in full for preceding orders, placing new orders for merchandise.
  9. (a) Prove and rule cash.
  - (b) Make bank deposit.
  - (c) Post all entries.
  - (d) Prove Bills Receivable and Payable.
  - (e) Prove shipping ledger and consignment ledger.
  - (f) Take an abstract of personal ledgers and balance Accounts Receivable and Payable.
  - (g) Take trial balance of general ledger.
  - (h) Secure customers' orders for next day's trading, disposing of all consignment goods on hand and as far as possible of your own merchandise and submit these orders to your teacher for approval with your books properly arranged for inspection, accompanied by the envelope of special papers and the usual copy of the daily report first carefully copied into the form below.

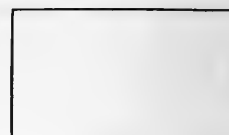
## REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe .....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



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154. 1. Render account sales of all consignments on hand and sold out. If any still remain unsold, make special sales to persons named by your teacher.
2. Fill orders approved by your teacher at last closing and enter all invoices received.

3. (a) Collect all matured notes or acceptances and pay all that you owe.  
(b) Discount at the bank all notes or acceptances which you hold that are not matured.  
(c) Pay all your own outstanding paper, securing a discount at regular bank rate for the unexpired time. If creditors hesitate to accept payment, it will be sufficient to tell them that you are going to sell out the business, and that you do not wish to be responsible for payment. Observe that all these instructions under 3 apply only to notes and acceptances between your firm and other students present in the schoolroom. Any paper which you hold or owe which is made with fictitious persons or with students who have dropped out of school, may remain on your books for the present.

4. Settle in cash all accounts payable including your debts to wholesale houses and collect all accounts receivable outstanding with **students actually in school**. All accounts with fictitious persons and absentees you will permit to remain on your books for later instructions.

5. Detach from your Prepared Blanks Form 127, observing that it is a memorandum from Mr. Wemple addressed to you and your partner in which he expresses a desire to dissolve the partnership and offers either to buy or sell on certain terms which he specifies. Consult with your partner and if he wishes to buy the business, make the sale to him, Mr. Wemple and yourself taking your shares in cash. But if he does not wish to buy out the business for himself then write a memorandum note addressed to Mr. Wemple in which you accept his proposition and have your special partner sign this with you. Place this memorandum in the envelope of papers that are to go to your teacher with your books. Whether this sale of the business should be made to your partner who is actually a student in the schoolroom or to Mr. Wemple, the method of procedure will be exactly the same, the only difference being in the names of the parties concerned. The instructions following, which we will base on a supposed sale to Mr. Wemple, will suit equally well for a sale to your other partner simply by exchanging their names. Mr. Wemple's proposition as expressed in his memorandum note is as follows:

(a) All merchandise in stock at cost.  
(b) The firm's real estate at 10 per cent. advance on cost.  
(c) All furniture, fixtures and chattels belonging to the firm at 50 per cent. below cost.  
(d) All Bills Receivable and Accounts Receivable held by the firm at a discount of 10 per cent. to cover bad debts and collection. Payment to be made in cash, at least to the extent of the firm's cash balance, the buyers to give their notes at three, six and nine months respectively at 6 per cent. interest for the remainder, the said notes to be secured by a chattel mortgage on the stock and fixtures.

6. Pay partners' salaries. Detach Form 128, your monthly water bill, from Prepared Blanks and pay at office or teacher's desk.

7. Make interest entries to adjust investments. These may be made as in 144, 8, but the student has been promised another method. We will illustrate it by an example.

A, B and C are partners. A's capital is \$5,000, B's \$3,000, and C's \$2,500. The joint capital therefore is \$10,500. One third of it, or the capital which each should have to make their investments equal, is \$3,500. A's investment exceeds this amount by \$1,500. It is evident therefore that if A should lend \$500 to B and \$1,000 to C, their investments would be equal. Therefore if we charge B with interest on \$500 for one year at 6% and C with interest on \$1,000 for the same time at the same rate and credit A with the sum of both we have made the adjustment.

When there are withdrawals also to be considered the question is more complicated. The simplest method of presentation is perhaps as follows: Let the total interest which A owes on withdrawals be \$15, the total that B owes \$12.50, and the total that C owes \$13. If these were carried into the Loss and Gain account there would be a credit total of \$40.59 in Interest and Discount and each man would be entitled to one third of it under the contract, hence, A, who owes \$15, owes net, \$15 less \$13.50 or \$1.50 which may be deducted from the \$90 otherwise due him



making his credit \$88.50; B, who owes \$12.50 and will be entitled to \$13.50 from the Interest and Discount account, is entitled to the difference of \$1.00 which may be deducted from the interest that he would otherwise be charged with, making his interest debit \$29.00; and C, who owes \$13.00 and will be entitled to \$13.50, will be entitled to deduct 50c from the \$60 that he would otherwise be charged with, making his interest debit \$59.50. The two credits of \$1.00 and 50c allowed B and C make the \$1.50 charged against A. Adjust your investments and withdrawals in the manner illustrated. Study will discover brevity and practice will give facility.

8. Proceed with the work of closing your books in order to make the transfer:

- (a) Prove and rule cash.
- (b) Make bank deposit.
- (c) Post all entries.
- (d) Prove Bills Receivable and Payable.
- (e) Prove shipping ledger and consignment ledger.
- (f) Prove sub-ledgers, then rule Accounts Receivable and Payable.
- (g) Prove Merchandise, following previous instructions and watching carefully for items that are handled on irregular terms. See 141, 12.

9. Make entries as instructed by your teacher for the correction of all errors discovered in proving your work; sell Dep't E goods to T. & T. Co., then post these entries and take your trial balance.

10. In order that no errors may be passed in your work at this time, you will fill out your duplicate report, copy it neatly in the form below, and submit your books and papers for teacher's approval before closing your ledger.

### REPORT

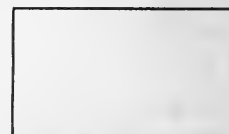
*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book.....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency.....	.....	.....
<i>Bills Payable</i> , Ledger Balance.....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

MERCHANDISE	Department A Goods		Department E Goods		TEACHER'S MARKING			
Cost of Mdse. bought.....	.....	.....	.....	.....	Accuracy.....	3	.....	.....
Present inventory.....	.....	.....	.....	.....	Neatness.....	2	.....	.....
Cost of goods sold.....	.....	.....	.....	.....	Orderliness.....	2	.....	.....
Sales of merchandise.....	.....	.....	.....	.....	Records.....	2	.....	.....
Gain, red ink; Loss, black.....	.....	.....	.....	.....	Progress.....	1	.....	.....
Errors: Our fvr. red; cont. black.....	.....	.....	.....	.....	Average.....	.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

155. Take inventory of Merchandise, Furniture and Fixtures and Chattels according to your proposition to your partner and proceed to make out a balance sheet as in the supposed balance sheet of C. W. Burke & Co., presented in (a) below, observing that the 10 per cent. discount allowed by Mr. Wemple's proposition on Bills Receivable and Accounts Receivable will appear in the Losses column, and that the net valuations placed on these notes and accounts are treated as inventories and appear in Resources column. Note also how the partners' private accounts are handled in the balance sheet. When the balance sheet is prepared, submit it to your teacher for approval before proceeding. Observe that H. F. Walter in the form below takes the place of E. H. Wemple in your own work.

(a)

BALANCE SHEET OF C. W. BURKE & CO., MAY 31, 191 .

L.F.		Trial Balance		Losses & Gains		Resources & Liabilities	
1	C. W. Burke, Stock	5000 00	5000 00				
1	H. F. Walter, Stock		5000 00				
1	C. A. Foley, Stock		2500 00				
2	C. W. Burke, Private	49 50					
2	H. F. Walter, Private	100 00					
2	C. A. Foley, Private	33 00					
3	Cash	3600 65				3600 65	
4	Mdse. (Invent. \$9786.05)	12107 13	2633 38		312 30	9786 05	
5	Expense	105 00		105 00			
5	Mdse. Dis.		51 69		51 69		
6	Int. & Dis.	14 25		14 25			
6	Collection & Exchange	7 64		7 64			
7	Loss & Gain		101 98		101 98		
8	Shipment No. 1	200 00	284 10		84 10		
9	Storage		3 29		3 29		
9	Guaranty		2 85		2 85		
10	Commission		6 68		6 88		
11	Bills Rec. (Loss 10%, \$657.98)	731 09		73 11		657 98	
12	Bills Payable		1500 00				1500 00
13	Accts. Rec. (Loss 10%, \$823.95)	915 50		91 55		823 95	
14	Accts. Payable		779 59				779 59
		17863 76	17863 76	291 55	563 09	14868 63	2279 59
	C. W. Burke's Net Gain			90 52			
	H. F. Walter's " "			90 51			
	C. A. Foley's " "			90 51			
				563 09	563 09		
	C. W. Burke's Stock Credit		5000 00				
	" " Private Debit	49 50					
	" " Net Gain	90 52					
	" " Net Private Gain		41 02				
	" " Present Worth						5041 02
	H. F. Walter's Stock Credit		5000 00				
	" " Private Debit	100 00					
	" " Net Gain	90 51					
	" " Net Private Loss		9 49				
	" " Present Worth						4990 51
	C. A. Foley's Stock Credit		2500 00				
	" " Private Debit	33 00					
	" " Net Gain	90 51					
	" " Net Private Gain		57 51				
	" " Present Worth						2557 51
						14868 63	14868 63

(b) Your balance sheet having been approved, close books following the plan presented in your balance sheet and take a trial balance of your ledger immediately after closing, submitting your ledger and this last trial balance with your text-book to your teacher for approval before proceeding.

TEACHER'S

STAMP

156. Adjustment of Capital by Interest—Balance Sheet Method. In any case in which the adjustment of investments by interest has been forgotten until the closing has progressed so far

that it is not desirable to make a cash book or journal entry, the investments may be equalized by red ink entries in the closing of the stock accounts, computed on the plan presented in 154, 7, and represented in the balance sheet as shown below.

		17863 76	17863 76	391 65	563 09	14868 63	2279 59
C. W. Burke's Net Gain				90 52			
H. F. Walter's " "				90 51			
C. A. Foley's " "				90 61			
				563 09	563 09		
C. W. Burke's Stock Credit			5000 00				
" " " Net Gain \$90.52							
" " " Int. on \$833.33							
" " " excess Invest. 50.00	140 52						
" " " Private Debit	49 50						
" " " " Gain			91 02				
" " " Present Worth							5091 02
H. F. Walter's Stock Credit			5000 00				
" " " Net Gain \$90.51							
" " " Int. on \$833.33							
" " " excess. Invest. 50.00	140 51						
" " " Private Debit	100 00						
" " " " Gain			40 51				
" " " Present Worth							5041 51
C. A. Foley's Stock Credit							
" " " Private debit \$ 33.00			2500 00				
" " " Dr. to Int. on							
" " " under Invest. 100.00							
" " " Private Debit total							
" " " Net Gain Credit	133 00						
" " " " Private Loss	90 51						
" " " Present Worth			42 49				
							2457 51
						14868 63	14868 63

157. Naturally the one purchasing the business purchases also the books of accounts. But since you, as a student, desire to retain possession of the books in which all your work is written, we will require Mr. Wemple to provide himself with a new set of books, allowing him, however, access to your books for any reference that he may need to make to the old accounts; and we will proceed to make entries which will show the sale of the business and at the same time clear your books of all accounts and inventories transferred to your partner in the sale.<sup>1</sup>

(a) Form Illustrating Entries for a Sale of Business to Partner and for Closing All Accounts in the Ledger, the figures being taken from the supposed balance sheet of C. W. Burke & Co. at the close of their business May 31, 191., (see 155, a) with interest adjustments as in 156. C. W. Burke and C. A. Foley sell out to H. F. Walter. The following entries, presented in journal form that they may be the better understood, entirely clear the books. All the cash of the firm is left to Mr. Burke and Mr. Foley, and H. F. Walter is to give three notes for the balance of \$3,947.88 secured by a mortgage on the stock of merchandise and the store and office furniture and fixtures. The notes are not included in the entries below, being considered a personal transaction between the partners. They might, however, be introduced as in the form (b).

1. If H. F. Walter retained the books in the illustration in 157 (a), entries (1) and (2) in the form under (a) would be omitted and entry (4) would credit the Bills Payable instead of H. F. Walter, showing the notes which Mr. Walter gives in settling the contract.

2. This line (see plate on page 213) including figures should be in red ink. This item is not to be posted. All other items are posted.

3. The student should observe that the entries given in the plate on page 10, not only close out all accounts transferred to, or assumed by, Mr. Walter, but that they also close out the accounts of the other partners. Mr. Burke retaining the books, all of these entries become necessary except (4) in which Mr. Burke closes out his own account. This entry would not be made if Mr. Burke intended continuing business in the same set of books. Naturally the entry that he would make instead would be the one presented in 157 (b), (1) which would turn Mr. Walters' account into a Bills Receivable and leave on Mr. Burke's books Cash and Bills Receivable as resources and his stock account as his only liability. He desires, however, to indicate in his books his retirement from business, leaving no record to connect his past business with any future business in which he may engage. This furnishes the reason for, and indicates the result obtained by, the entry (4) in 157 (a).

(a)

		(1)			
1126798	N. F. Walter	Adm. Inv.	778605		
		Bills Rec.	65798		
		Accts. "	82395		
		McConnell & Co.		63050	
		Hanson & Co.		285-	
		Less 10% Dis.		9155	
	N. F. W. is charged for resources turned over to him on dissolution of partnership.				
		(2)			
1500-	Bills Payable				
77959	Accts. "				
13847		Harner Produce Co.			
64418		F. W. Stone & Co.			
		N. F. Walter	227959		
	N. F. W. is credited for liabilities assumed at dissolution of partnership.				
		(3)			
245751	C. A. Foley	Cash	245751		
	C. A. F. retired from business withdrawing cash.				
		\$2457.51			
		(4)			
509102	C. W. Burke <sup>3</sup>	Cash	114314		
		N. F. Walter	394788		
	C. W. B. retired from business withdrawing cash \$1143 <sup>14</sup> and an amount against E. N. W. which is to be put into three notes at 90, 180, and 270 days respectively with interest at 6 percent				

2 &amp; 3. For these footnotes see preceding page.

(b) Entry showing the receipt of the note from E. H. Wemple followed by a second entry in which Mr. Burke withdraws the cash and the note.

3997 <sup>88</sup>	(1) Bills Rec. N. F. Walter	3997 <sup>88</sup>
	N. F. W. gives three notes	
	for balance due C. W. Burke	
	on dissolution of partnership	
5041 <sup>02</sup>	(2) C. W. Burke	1043 <sup>14</sup>
	Cash	3997 <sup>88</sup>
	Bills Rec.	
	C. W. B. retires from business	
	taking the cash on hand	
	and N. F. Walter's notes for	
	balance due.	

158. To Sell Out Your Business To Your Partner and Make Entries That Will Clear The Books of All Accounts.

1. Compare the balance of your Cash account with the net credit of your Stock account. As E. H. Wemple is to pay you in cash or notes you will reserve the firm's cash for yourself and your special partner to the full amount of your net credits, provided there be that much cash on hand. If there be more, the balance will be transferred to E. H. Wemple by the firm's check. If there be less, you will draw up a note in your favor at six months, interest 6 per cent., and present it to your teacher who will affix E. H. Wemple's signature. It will be well to pay your special partner in cash, if there be not cash enough for both yourself and him, taking the note of Mr. Wemple for yourself, but any plan of settlement that you agree upon will be satisfactory and the more original the better, provided you can make a correct entry.

2. You might introduce a page of four-column journal paper into your binder for these closing entries, but it will be better accounting and show more skill if you handle them in your cash book. The entry of 157 (a), 1, made in the cash book, would require a debit to H. F. Walter on the credit side of the book and credits to the other accounts on the debit side, while if any cash were transferred either way, it would appear as the difference between the entries on the two sides. Observe that Accounts Receivable would be credited by entering the personal credits, at full value, itemized in the Cash, Customers' Ledger, column, followed by the *Less 10% Discount*, in red ink, to be subtracted from the black total of the column when added and carried into the General Ledger column for posting. This will credit Accts. Rec. for the inventory amount only and each personal account for its full amount. The explanation (see 157 (a), 1) can be made in the cash book by taking more than one line, if necessary.

3. Make entry in the same manner for the liabilities of your business at this closing, crediting E. H. Wemple for the total and debiting Bills Payable and Accounts Payable (see Accts. Rec. in 2 above) respectively. Explain.

4. Now refer to 157 (a) (3); make entry charging your special partner on the credit side of the cash book for the net credit of his stock account, and draw the firm's check for whatever cash he is to receive, crediting on the opposite side of the cash book whatever account supplies the balance, if the payment be not all cash. This will be E. H. Wemple, Stock, if he is to accept a note from E. H. W., as part payment; or it may be your own Stock account if you see fit to take the Wemple note yourself and to give the special partner your own note in settlement. It may be

well to post your entries thus far before proceeding, that you may see exactly what still remains to be cleared up by your last entry.

5. Now make entry charging yourself and crediting the resources which you are to take in payment for your interest in the firm. If this be cash in full, make the entry on the credit side of your cash book. If it consist of cash, and a note from E. H. Wemple, make the entry first on the credit side of the book crediting cash for the whole amount; then on the debit side of the cash book crediting E. H. Wemple's Stock account for the amount which he pays by note.<sup>1</sup> Explain (*Your Name*) *retired from business withdrawing resources as above*. This is illustrated in the entry marked (3) in the form in 145. Another plan for making this entry would be to let E. H. Wemple put his note into the firm and then let C. W. Burke take it, crediting Bills Receivable. See 157 (b) (1) and (2). But the facts are best represented if the notes be considered as outside of the firm and merely between the partners.

6. Post all entries to your ledger and rule up accounts that balance. If all work has been correctly performed, every account in your ledger will balance at this time and should be neatly ruled.

7. Prepare to transfer to E. H. Wemple the property turned over to him in this dissolution of partnership as follows:

(a) Endorse all Bills Receivable, *Pay to E. H. Wemple or order* and sign the firm name, as it appears on the face of the paper, per your own name.

(b) Make an itemized statement of account against all persons owing you and write at the the foot of each statement, *Pay to E. H. Wemple or order, who is authorized to receipt in full*, signing the firm name, as in (a).

(c) Make a bill of sale of all Furniture and Chattels either rendering a simple invoice or executing the legal form of a Bill of Sale (which may be found in any text on commercial law), as your teacher may direct.

(d) Prepare a quitclaim deed for the signature of your special partner in which he releases and quitclaims to E. H. Wemple "all his right, title and interest in the following described real estate, to-wit: Lots numbered ——— and ——— in Block numbered ——— in the original plat of the city of College City" filling the blanks as indicated in the form in 159, being careful to insert the correct numbers of the lots and block. These may be learned from the deeds which you hold. Have your special partner execute this deed in perfect form.

(e) Make out a full warranty deed transferring all your right and title to the real estate to E. H. Wemple. This will be a personal transfer signed by yourself and will be in form very much like the deed in 144, 4, except that you deed your entire interest instead of a one-half interest. Make the description of property the same as in your partner's quitclaim deed.

(f) Prepare a list of personal accounts payable and a list of your bills payable to be handed to Mr. Wemple with other papers and make a record in your bill book, both for the bills payable and receivable, noting that the bills receivable have been *Turned over to Mr. Wemple*, and the bills payable *Assumed by Mr. Wemple*.

(g) Make out as many copies of the following Notice of Dissolution as may be necessary to send one to each of your creditors, and then post or publish one for the benefit of your customers. Fill all blanks carefully and correctly. Sign it and have your special partner sign it. Mr. Wemple's signature may be affixed by your teacher. The signatures should be in the order in which the partner's names appear in the body of the notice.

1. The student should study out carefully the reason for crediting E. H. Wemple's stock account in this transaction, it being evident that if the student had taken any of the negotiable paper of the firm as part payment the credit would have been Bills Receivable. If the reason be not clear, discuss the proposition with your teacher, or make the entry as illustrated in 157 (b).

## NOTICE OF DISSOLUTION

The co-partnership heretofore existing between \_\_\_\_\_  
 \_\_\_\_\_ and \_\_\_\_\_ has this day been  
 dissolved by mutual consent, \_\_\_\_\_ and \_\_\_\_\_  
 retiring from the business. All debts owed by the firm of \_\_\_\_\_  
 \_\_\_\_\_ will be paid by \_\_\_\_\_ who will continue  
 the business under the name of \_\_\_\_\_ and all debts  
 due the firm must be paid to the said \_\_\_\_\_ who alone  
 is authorized to receipt for the same.

Dated \_\_\_\_\_ 191\_

(h) Lastly draw up three notes in your own favor for Mr. Wemple's signature, dividing the amount that he owes into three equal parts and drawing one note for each separate amount. Make the time of these notes respectively, 90 days after date, 180 days after date, and 270 days after date. Make the rate of interest 6%, making your notes in other particulars conform in general to the notes described in the mortgage in 160 given by E. H. Wemple to C. W. Burke. Then take from your legal blanks a form of mercantile chattel mortgage and fill it out as indicated in the form in 160 ready for Mr. Wemple's signature.

8. When these notes and the mortgage and all other papers described in 7 are prepared as instructed, present them to your teacher for his approval with your ledger ruled and closed as previously instructed and your text-book opened at this page of the work for your teacher's stamp of approval. Place all papers, merchandise tickets and other property or evidences of property transferred to Mr. Wemple in an envelope bearing his name and place it in compartment 8 of your filing case until you receive further instructions concerning it.

TEACHER'S

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*Single Entry Cash Book*

June 1	Balance	241669	
2	Paid for Office Equipment		76-
15	Cash Sales- A. C. White	37450	
20	Recd. payment for B. N. Elmer's note	78241	
20	" from Stewart & Parker in full of a/c	14021	
22	Ad. The Western Tea Co. a/c less 2%		65875
25	" notes for. of N. W. McBreight less dis.		256136
30	Balance		41770
		371381	371381
July 1	Balance brought down	41770	



## 159 QUIT-CLAIM DEED.

**This Indenture Witnesseth,** That C. A. Foley, a member of the firm of C. W. Burke & Company, of Urown County, in the State of Y. S., does  
**RELEASE AND QUIT-CLAIM** to H. F. Walter of Urown County, in the State of Y. S., for the sum of Fourteen Hundred Sixty-six 67/100 (1466.67) Dollars, all his right, interest and title in the following REAL ESTATE in Urown County, in the State of Y. S., to-wit: Lots numbered (12) twelve and (13) thirteen in Block numbered (26) twenty-six in the original plat of the city of College City, which plat is on file in the office of the Register of Deeds of Urown County, Y. S.

IN WITNESS WHEREOF, the said C. A. Foley has hereunto set his hand and seal, this thirty-first day of May, 19

*C. A. Foley*

(Seal.)

(Seal.)

(Seal.)

State of Y.S., Urown County, ss:



Before me, Veritas Sobeit, a Notary Public in and for said County, this 31st day of May, 19

C. A. Foley acknowledged the execution of the annexed Deed.  
 Witness my hand and seal.

*Veritas Sobeit*

My commission expires August 31st, 19

**160. MERCANTILE CHATTEL MORTGAGE**

**Know all Men by these Presents,** That **H. F. Walter,** of **Urown** County, in the State of **Y. S.,** mortgages and warrants to **C. W. Burke** of **Urown** County, in the State of **Y. S.,** the following described personal property, situate in the **City of College City** in **Urown** County, in the State of **Y. S.,** in the store room occupied by said mortgagor, as a **General and Commission** store, and known as No. **1722 Main Street,** to-wit:

The entire stock of goods, wares, merchandise and personal property of every nature and description, including groceries, provisions, green and dried fruits, vegetables, fresh, salt and dried meats and fish, poultry, dairy products, wooden and willow ware, brushes, crockery and glass ware, nuts, grocers', druggists' and hardware sundries, cigars, tobaccos and smokers' articles, stationery, augars, coffees, teas, spices, flour, syrup, vinegar, oils, rice, salt, soaps, starch, canned and bottled goods, cocoa, chocolate, preserves, jellies, baking powders, extracts, cereals, seeds, chimneys, burners, rope, twine, paper bags and wrapping paper, blank books, bread, cakes, crackers and candies, dry goods, notions, clothing, boots and shoes, millinery, furniture and hardware; also all fixtures and store furniture used in said store, including all safes, scales, coffee and spice mills, refrigerators, stoves, show-cases, counters, shelving, bins, railing, partitions, display stands, racks, blocks, oil tanks, cheese safes, gas fixtures and globes, desks, butchers' tools, cash registers, and cash and goods-carrying appliances, all of aforesaid property being located as aforesaid, also all books of account and the accounts contained therein, bills receivable and choses in action, now or hereafter acquired by said mortgagor in the conduct of the business of said store, and said accounts, bills receivable and choses in action are hereby pledged and assigned to said mortgagee as additional security; also all wagons, trucks, harness, horses and mules used in the delivery of goods sold in the regular course of business carried on in said store, to secure the payment of **three**

promissory notes all dated at **College City, Y. S., May 31st, 19—,** each for the sum of **Thirteen Hundred Fifteen and 96/100 (1315.96) Dollars** given by said mortgagor to said mortgagee, payable respectively on or before **Ninety, One Hundred eighty, and Two hundred seventy days** from said date, at **The Garden City Bank College City, Y. S.,** with interest at the rate of six per cent. per annum from date and ten per cent. attorney's fees, without relief from valuation or appraisement laws.

It is understood and agreed by the parties hereto that said mortgagor shall retain possession of said mortgaged property, and have the right to sell the same at retail in the regular course of business, provided, however, that the net proceeds of said sales shall be fully and faithfully paid over to said mortgagee, and applied to the payment and discharge of said notes; and provided further that said mortgagor shall not permit the aggregate value of said stock of goods to become materially depreciated or reduced, but that said mortgagor shall keep the same up to its present standard of quality, quantity and value, and that all additions and accretions to said stock and fixtures whatsoever, shall be subject to the lien of this mortgage, and held for the payment and security of the above mentioned notes, precisely the same as the property covered by this mortgage at this time.

It is further understood by the parties hereto that if said mortgagor shall retain possession of said property with the privilege of selling therefrom in the regular course of retail trade, as above set out, and any one of said notes is not promptly paid at maturity, then all of said notes shall immediately become due and payable, and said mortgagee shall have the right to take and keep possession of said property wherever the same may be found, without process of law, and the same shall become the absolute property of said mortgagee. Said mortgagor hereby expressly agrees not to remove the said property from the place where it now is, without the written consent of said mortgagee, nor sell, assign or lease the same without such consent, except as herein above provided. Such mortgagor further agrees to use said property well, and keep the same insured in some reliable insurance company, or companies, to the satisfaction of said mortgagee, for a sum not less than

**Four Thousand**

dollars, payable to said mortgagee, and in good condition

and repair, and deliver the policies for such insurance into the possession of said mortgagee. In case of failure to insure said property and deliver the policies for said insurance as above provided, said mortgagee, his administrators, executors, successors or assigns may procure such insurance, and all money paid by such mortgagee for such insurance, with interest thereon at eight per cent per annum, shall become so much additional indebtedness secured by this mortgage.

In case of default in any of the above conditions on the part of said mortgagor, or if in the opinion of said mortgagee said property is in danger of being materially injured, wasted or lost, or the security of this mortgage impaired by diminution, removal or waste of said property or if the property shall be levied on by execution from any court, or shall go into the hands of any administrator, guardian, executor, assignee, receiver, trustee, commissioner, or public officer to be sold, then and in either of such cases, said mortgagee, his attorneys, agents, administrators, executors, guardians or assigns, or any or either of them, shall have the right to take immediate and unconditional possession of the same, wherever the same can be found, and sell the same at public sale, without any proceeding or decree of foreclosure first had and obtained, to the highest bidder for cash in hand, or any reasonable credit, as said mortgagee, his administrators, executors, successors or assigns, may deem best after giving three days' notice of the time, place and terms of sale, with a description of the property to be sold by at least three advertisements of such sale in printing or writing, posted in public places in the vicinity where the sale is to take place, or at private sale without notice, and to retain from the proceeds derived therefrom the amount of money hereby secured, with interest at the rate of eight per cent. per annum, including all costs, charges and expenses incurred or sustained by said mortgagee in taking, removing, keeping, storing, advertising and selling said property, and to discharge any claims or liens of third persons affecting the same, rendering the surplus to said mortgagor or his administrators, executors, successors or assigns. Said mortgagor hereby assigns his lease for said store-room, and the right to possession thereof, to said mortgagee, provided, however, that the right to possession of said store-room hereunder shall accrue to said mortgagee contemporaneously with his right to the possession of the stock of goods hereby mortgaged.

Witness my hand... and seal, this **31st** day of **May** 19...

\*

Witness

*H. F. Walter*State of **Y. S.,** County of **Urown,** ss:Before me, **Veritas Sobeit,** a Notary Public in and for **Urown**County and State of **Y. S.,** personally appeared **H. F. Walter** andacknowledged the within mortgage to be **his** voluntary act and deed.Witness my hand and notarial seal, this **31st** day of **May**

19...

*Veritas Sobeit*

\*In many States contracts acknowledged before a notary do not need witnesses.

## 161. Single Entry, Method I.

1. Having sold out your business in College City you will re-engage in business in College Park. In your new location, you will buy out an exclusive Tea and Coffee Business, and will handle these goods exclusively, in Department A. For the accommodation of other students in the schoolroom, you will continue to buy such goods as are offered, classing them as Department E.

The firm that you buy out, H. D. Fay & Co., turn over to you the following inventories of merchandise, chattels, and accounts, which inventories you will proceed to copy into your two-column journal, on a new page following the last work in that book.

2

MERCHANDISE INVENTORY OF H. D. FAY & CO.

19\_\_.

27	hlf. chsts.	Japan Tea	1350 lbs.	33 1/3 ¢	450	00		
18	"	Oolong Tea	900 "	49 ¢	441	00		
27	"	Eng. Break Tea	1620 "	62 1/2 ¢	1012	50		
18	cases	Ceylon Tea	900 "	37 1/2 ¢	337	50		
45	bxs.	Revere Coffee	2250 "	35 ¢	787	50		
90	"	Lexington Coffee	4500 "	32 ¢	1440	00		
36	"	Concord Coffee	1800 "	28 ¢	504	00		
45	"	Continental Coffee	2250 "	25 ¢	562	50		
					5536	00		
					691	87	4843	13
3		Inventory of Store and Office Furniture, H. D. Fay & Co.						
		Counters, shelving and show cases, cost \$300, Dis. 50 %			150	00		
		Heating and lighting apparatus, cost \$200, Dis. 50 %			100	00	250	00
4		Inventory of Accounts Receivable, H. D. Fay & Co.						
		Hanson & Co., Sacramento,			756	55		
		F. H. Swan & Co., Los Angeles,			125	26		
		M. A. Birge & Co., Centralia,			98	35		
		Stewart & Parker, Boulder Creek,			140	21		
		Less 10 % for collection,			112	04	1008	33
5		Good Will Inventoried at					1000	00
		Total value of resources					7101	46
6		Inventory of Accounts Payable, H. D. Fay & Co.						
		(Assumed for payment by the purchaser)						
		F. W. Stone & Co., New York, 60ds, 3-10, 2-10, 1-30,			672	30		
		H. W. Spurr Coffee Co., Boston" " " "			1053	87	1726	17
		Net Inventory Value					5375	29

7. By the terms of your purchase you are to pay one third to one half of the above net inventory value in cash and to give three notes, each for one third of the balance, secured by a mercantile chattel mortgage on the above merchandise and office furniture, the said notes to be payable in 30, 60 and 90 days respectively. Make the cash payment, execute the notes and mortgage following the form in 160 and then you will be ready to make

8. Entry Opening a Set of Single Entry Books. The Business Being in Operation, but Without Any Preceding Records Except as Furnished by Inventories. Make your opening entry as in the form following. Observe that at any time, in any business, where there have been no previous records, or only imperfect records, a set of books in either single or double entry, may be opened, the resources and liabilities being obtained by inventories as above. Make this entry

also in the double entry form, on journal paper for practice and comparison, and submit it to your teacher. Submit at this time also your orders for the day's trading.

(a)

College Park, Y. S., June 1, 191-

I, E. W. Burke, have this day purchased the merchandise, store fixtures, accounts receivable, and good will, of N. W. McCreight & Co., College Park, Y. S., agreeing to assume liabilities for accounts payable to the amount of seventeen hundred twenty six and 17/100 dollars. I have paid cash twelve hundred eighty three and 96/100 dollars, and given three notes, each for a like sum, payable in 30, 60, and 90 days respectively. I open books with resources and liabilities as follows:

E. W. Burke - For resources, as below Cr.

Cash - Bal. on retiring, less pay,  $7283.96$  2416.69

Modul. - For Int. of N. W. McCreight & Co. 4603.68

Store & Office Fixtures per Int. 250 -

Bills Receivable 1430.88

Accts. " 1008.33

Hanson & Co., Lovelock \$756.55

F. N. Swan, Los Angeles 125.26

M. A. Birge & Co., Centralia 98.35

Stewart & Parker, Boulder 140.21

Less 10% for collection 112.04

Good Will 1000 -

E. W. Burke - For liabilities, as below Dr.

Bills Payable - Three notes, \$1283.96 each 3851.88

Accts. " 1724.17

The Western Tea Co., Chicago \$672.30

E. White & Co., Indianapolis 1053.87

Hanson & Co. For Bal. due N. W. M. Dr. 756.55

F. N. Swan " " " " " Dr. 125.26

M. A. Birge & Co. " " " " " Dr. 98.35

Stewart & Parker " " " " " Dr. 140.21

The Western Tea Co. For liabilities of N. W. M. Cr. 672.30

E. White & Co. " " " " " Cr. 1053.87

(b)

*College Park, June 2, 191-*

<i>Anderson &amp; Anderson, Albion</i>	<i>Dr.</i>			<i>384.75</i>
<i>S. 4, 30d. 2/10 L. 1/10 2/1</i>				
<i>2 hlfr chets. Y. N Tea, 140* at 37 1/2¢. less 20%</i>		<i>42-</i>		
<i>4 lbs. S. C. Rice 800* " 8¢ " " 12 1/2%</i>		<i>56-</i>		
<i>50 brls. Pillsbury's Best " 14 brls. chs. at 68¢ less 12 1/2%</i>		<i>288.75</i>		
<i>-10-</i>				
<i>F. N. Burns, Girard</i>	<i>Dr.</i>			
<i>4 S. 6.- 60d. 2/10 L. 1/10 2/1 at 30d.</i>				
<i>4 brls. Gran. Sugar 356-363- 1440* at \$5.45%</i>		<i>81.46</i>		
<i>10 " Roman Beauty Apples 3.20</i>		<i>32-</i>		
<i>20 " Pillsbury's Best 6.60</i>		<i>132-</i>		
		<i>245.46</i>		
<i>Less 12 1/2%</i>		<i>30.68</i>		
<i>-15-</i>				
<i>Justin C. White</i>	<i>Dr.</i>			<i>374.50</i>
<i>S. 7, 30d. cash</i>				
<i>1000* Gal. Apples at 17 1/2¢</i>		<i>175-</i>		
<i>1000* Evap. Apples 11 1/2%</i>		<i>119.50</i>		
<i>1000* Gal. Prunes 60/70 8¢</i>		<i>80-</i>		
<i>-20-</i>				
<i>Stewart Parker, Boulder Creek</i>	<i>Cr.</i>			<i>140.21</i>
<i>Collected account in full</i>				
<i>The Western Tea Co., Chicago</i>	<i>Dr.</i>			<i>672.30</i>
<i>Paid account in full, Cash \$658.25</i>				
<i>Dis. 2% 13.50</i>				

9. Post your opening entry at once, opening accounts in the ledger with the personal accounts and observing that these accounts are all that are kept in single entry books. A cash account, even, is not essential, but as every business man that keeps books at all likes to keep track of his cash, we will add a cash account to our list of accounts, but will keep it in a cash book which you will open on a single page, entering your cash balance taken from your opening entry as shown at the top of the left hand column in the form on page 216.

10. To obtain possession of your inventories, detach from your page of prepared blanks, Forms 128 and 129, observing that Form 128 is an order on the College Commercial Company, which will secure your merchandise when your teacher has signed below the printed signature of the Associated Officers, and that Form 129, consists of tickets representing the items included in your Inventory of Store and Office Furniture. When you get possession of these goods, place the merchandise with your wholesale stock and the other tickets in an envelope marked, *Store and Office Furniture*.

11. Fill your orders and enter them in your journal as illustrated in the form in 8 (b).

12. Secure cash payment, if possible, for several of the sales just made and enter the cash in the Cash Book, marking the journal entry *Paid* as illustrated in the single entry forms in 8 (b) preceding.

13. Remit to F. W. Stone & Co. and to the Spurr Coffee Co. for the amounts in their favor assumed by you on purchasing this business. Observe that you are entitled to the usual dis-

counts, and deduct the amount of discount from the respective bills when you remit. Accounts having been opened with these firms in your ledger, you will make journal entry charging them for the amount of the cash and discount as illustrated in 8 (b), June 20. You will also make entry in the cash book for the amount of cash paid out, as illustrated in single entry cash in the form on p. 216, June 25.

14. Make out statements against each of the Accounts Receivable turned over to you by H. D. Fay & Co., and draw a draft on each in your own favor for the amount of the statement. Present these statements and drafts to your teacher who will retain the statements as specimens of your work and will accept your drafts payable at the bank, or will send you to the manager of the Assoc. Offices to have your drafts accepted.

15. If you have not yet received at least six invoices of merchandise for your Department E, report to your teacher and follow his instructions in regard to securing them.

16. Place your orders with the Spurr Coffee Co. and F. W. Stone & Co. for new goods equal in amount to the sales you have made out of your original stock. In these letters state that you have recently purchased the stock and good will of H. D. Fay & Co., and will be pleased to continue business with them, if prices are favorable.

17. Make payment for invoices received from students as follows:

(a) For two invoices make payment in cash, making entry in the cash book as illustrated on p. 216, June 2. If these invoices are not already entered in the journal to the credit of the sellers, the journal entry may be omitted both for the invoice and for payment, but if the invoice has been entered to the sellers' credit, entry must also be made in the journal, charging them with the payment as in 13 above.

(b) Pay two invoices by giving notes. If the invoices have been entered to the credit of the sellers, the sellers must be charged in the journal for both the note and any cash discount. If the sellers have not been credited for the invoices, no charge is to be made for the payment, but in either case the note must be recorded in the bill book.

(c) Permit remaining invoices to remain on account.

18. Post all entries in your journal to your ledger and then take an abstract of all accounts of your ledger and verify it by adding together separately the debits and credits of your journal. See illustrations in form (a) and (b).

(a)

Total posted items from Journal Dr & Cr.	797225	1257596
Deduct for, closed and balanced Accts.	639056	639056
Net Ledger footings should be	158169	630883

(b)

<u>Abstract of Ledger</u>			
C. W. Burke			5131 53
Hanson & Co.	75655		
F. N. Swan	12526		
M. A. Birge & Co.	9835		
Anderson & Anderson	38675		
F. N. Burns	21478		
E. White & Co.		105387	
	158169	618540	

Next make out on journal paper a statement as illustrated in form (c) following, being very careful in your posting, in your additions and in the computation of your inventory.

(c)

<u>Statement of Resources &amp; Liabilities</u>			
Resources			
Cash	Per Cash Book	417 70	
Merch.	" Inventory	377 01	
Fur. & Fix.	"	250 -	
Bills Rec.	" Bill Book	648 47	
Good Will		1000 -	
Expense	Inventory of Office Supplies	66 -	
Accts. Rec.		1483 67	7636 85
Liabilities			
Salaries Due and unpaid		37 50	
Bills Payable	Per Bill Book	1283 96	
Accts	" " Ledger	1053 87	2375 33
C. W. Burke's Present Worth			5261 52
" " " Capital on Commencing			5131 53
" " " Stock Acct. for Net Gain Cr.			129 99

When your statement is completed work out a proof of accuracy of your work as illustrated in (d) following. If your work is correct the resources of your statement will correspond to the black ink footings of this proof and the liabilities of your statement to the red ink footings. Observe that in the proof, C. W. Burke's Present Worth in red includes the net gain shown by the statement. If your work does not prove in the merchandise account as indicated by your proof above, it will appear in the fact that your inventory does not agree with the black ink footings of the merchandise column. If this should be the case you will need to work an expert report and prove your merchandise as in double entry.

(d)	C. W. BURKE	FURNITURE	MERCHANDISE	CASH	ACCTS. REC.	ACCTS. PAY.	BILLS REC.	BILLS PAY.	GOOD WILL	EXPENSE	SALARIES	LOSS & GAIN
1	10709 58	250 00	4603 68	2416 69	1120 37		1430 88		1000 00			112 04
2	5578 05					1726 17		3851 88				49 74
3			551 79		601 53							93 62
4			280 88	374 50								
5				140 21	140 21							
6				658 75		672 30						13 55
7				782 41			782 41					
8				2561 36				2567 92				6 56
9				76 00						66 00		10 00
10											37 50	37 50
11					98 02							98 02
12	129 99											129 99
	5261 52	250 00	3771 01	417 70	1483 67	1053 87	648 47	1283 96	1000 00	66 00	37 50	---

Note.—Observe that in the proof above the plan is to take each entry, or group of similar entries, and arrange the results on the basis of double entry. Line 1 above presents the first part of the illustrative opening entry presented on p. 220 in which C. W. Burke's credit, and the 10% profit allowed him on his accounts receivable appear in red to indicate credits and his resources in black ink to indicate debits. Observe that the debits and credits of this line are equal. Line 2 presents C. W. Burke's debit and his liabilities in the same manner, and again the red and black figures of the line are equal. Line 3 is from the illustrative journal presented in 11 and groups in one sum all the time sales as a credit in Merchandise, and a debit in Accounts Receivable. Observe that the credit placed to Merchandise is the cost value of the sales, the profit being placed in Loss and Gain. Line 4 groups in the same manner the cash sales. Line 5 is from the journal, being the total of all credits to personal accounts for cash received. One side of this line, as also in the line



preceding and in 6 following, is found in the cash book and should be checked that it be not considered again. Line 6 groups from the journal the debits to personal accounts and the credit is found in the cash book. If no cash book were kept it would be supplied as was the merchandise in lines 3 and 4. Observe that the credit shown in the Loss and Gain column is the Merchandise Discount. Line 7 may be taken either from the cash book or the bill book and should be checked in each, as the debit is from one and the credit from the other. Line 8 is obtained in the same manner. Line 9 is obtained from the cash book, the inventory supplying the debit found in Expense column and the difference going into Loss. Line 10 is from the inventory of salaries unpaid and gives a liability or credit in Salaries and a Loss of the same amount. Line 11 is a readjustment. As all accounts receivable on which the 10% (\$112.04) of gain in Line 1 have not been collected that is not yet certainly gain. The proportion of that gain that belongs to those not yet collected is the \$98.02 which is entered in the Loss and Gain column as a loss and deducted from Accounts Receivable. Line 12 represents the profit. This is entered in the Loss and Gain column in black to balance the column and is carried into C. W. Burke's column in red to increase his net capital. The footing line presents the difference between the debits and credits of each column shown in the color representing the larger amount and presents, as you will observe, the resources and liabilities of C. W. Burke in the illustrative statement presented in (c) above.

19. When your work is proved and satisfactory, enter your statement in your journal next following the Abstract of Ledger and submit your books with your proof of accuracy to your teacher for approval, with the usual duplicate copy of your report and your orders secured for another day's trading.

### REPORT

Report of School Duties: I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

#### 162. Single Entry.—Method II.

In your previous work we have given the simplest or fundamental style of single entry. While this method of keeping books might be presented in as many different forms as there are different kinds of accounts in one's ledger and might present every variation between the simplest single entry and full double entry bookkeeping, we will present just one other method which you will observe is considerably more complete than what you have studied and which would certainly be more satisfactory if single entry were at all to be recommended for business purposes.

1. Open a double page Cash Book, an Invoice Record Book and a Sales Book or Order Book following the forms in (a), (b) and (c). The journal which you will continue to use will be similar to the journal which you have used except that debits will be placed in the left hand column and credits in the right, all itemizing being done in the wide center column, as in double entry journalizing.

(b)

#### SINGLE ENTRY CASH BOOK

DATE	L. F.		POSTED ITEMS		TOTALS
			MOSE DIS.	CASH RECEIPTS	
July 1		Balance bro't forward			417 70
2		Harvey L. Wolfe \$18. less 2%	4 99	244 39	
5	✓	Cash Sales \$19. D. S. McElroy			189 28
10	✓	" " " 20. G. R. Kay & Co.			1079 82
17		Rec'd payment B. Elmer's note			148 70
25		H. N. Swan In full of acct		125 26	
31		Journal Summary Goods Rec'd (Disch.)	4 99		
31		" " " (Cash) Cr		369 65	369 65
					2205 15
Aug 1		Balance			148 32

No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
Bills Receivable, Ledger Balance .....			Ledger Balance.....		
Total uncollected in bill book .....			In bank, Stb. No. ...., .....		
Total value of notes in the safe.....			In safe, Currency .....		
Bills Payable, Ledger Balance .....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		

Respectfully submitted,

TEACHER'S

STAMP

(a)

## INVOICE RECORD BOOK.

ENTERED	NO.	NAME AND ADDRESS	DATING	TERMS	DUE	AMOUNT OF INVOICES		AMOUNT OF PAYMENTS	MDSE. DISCTS.	HOW PAID	WHEN
						GENERAL	SPECIAL				
June 1	1	Western Tea Co. Chicago	May 28	60d.	July 28	67230		65875	1355	C. L. L. L. L.	June 22
	2	E. White & Co. Indianapolis	June 22	60d.	Aug. 24	105587		103279	2108	Dr. on A.C. J.	July 5
	14	Journal Summary	Febr. 24	Dr. Cr.		172617					
July 1	3	The Keystone Co. Chicago	July 1	60d.	30	79588		77996	1592	C. L. L. L. L.	10
	10	Western Tea Co. Chicago	8 30d.	30d.	Sept. 6	54280					
	14	Journal Summary	Febr. 24	Dr. Cr.		133868					

(b)

## SINGLE ENTRY CASH BOOK

DATE	L. F.		POSTED ITEMS		TOTALS
			MDSE DIS	CASH PAYMENTS	
July 1	1	Paid June Water Bill			275
	1	" " Ice			3-
	10	The Keystone Co. Inv. 3 H. L. L. L. L.	1592	77996	
	20	Ph. note for N.W. M. Co. L. L. L. L. L.			127112
	31	Journal Summary Febr. 24 (Dr.) Dr.	1592		
		" " " " (Cash) Dr.		77996	77996
	31	Balance In bank 513412			14832
		safe 1420			
					220515

(c)

## ORDER BOOK or SALES BOOK

*College City, N. S., July 1, 191-*

L. F.		ITEMS	POSTED AMOUNTS	TOTAL SALES
	<i>Harvey L. Wolfe, Tarkio</i>			
	<i>S. 18. 30 d., 2/10 cash</i>			
	<i>1 hlf. chest Tea 70* at 37 1/2 &amp; less 20%</i>	<i>21-</i>		
	<i>6 shs. Rice 1200* 84 " 12 1/2%</i>	<i>84-</i>		
	<i>25 brls. Pillsbury's Fl. 1/4 brl. shs. at \$6.00</i>			
	<i>less 12 1/2 %</i>	<i>144 38</i>	<i>249 38</i>	
	<i>5</i>			
	<i>D. S. McCloy, Chicago</i>			
	<i>S. 19. Net Cash</i>			
	<i>2 brls. Gran. Sugar 3 5/6-720* at \$5.50</i>	<i>40 73</i>		
	<i>15 " Apples 3 20</i>	<i>48-</i>		
	<i>20 " Pillsbury's Flour 6 00</i>	<i>132-</i>		
	<i>Less 12 1/2 % &amp; 2 %</i>	<i>2 20 73</i>	<i>31 43</i>	<i>189 28</i>
	<i>E. E. Blain, Fairfax 10</i>			
	<i>S. 20. 30 d., 2/10 cash, 1/10 note</i>			
	<i>Star Sliced Bacon 20 doz \$2.75</i>	<i>58 80</i>		
	<i>V. B. Roast Beef 20 " 2.00</i>	<i>40 80</i>		
	<i>" " Corned Beef Hash 50 doz. 1.90</i>	<i>99-</i>	<i>198 60</i>	
			<i>447 98</i>	<i>447 98</i>
	<i>Total Mdse. Sales forwarded</i>			<i>637 26</i>

163. 1. Use a Voucher Check and sell to the Townsite and Trading Company all Department E goods included in your inventory at last closing. While working this Outline, secure the Management of a Branch House for some student handling some line of goods that you do not, and for instructions in the necessary entries detach from prepared blanks form 130.

2. Fill orders approved by your teacher at last closing, selling on the regular terms of the schoolroom, and enter in the Sales Book either by pasting the order blanks into this book or by copying them, as your teacher may direct, but leave the net amount of sale in the "Items" column until you know when or how it will be paid.

3. If payment be made for the above sales or for any of them before they are posted to your ledger, mark them *Paid* in your sales book as illustrated in form of sales book and if the payment be cash, enter with the explanation *Cash Sales* in the total cash column of your cash book. If payment be made by note for any of these sales before they are posted to the ledger, you may mark the sale *Paid by note* in the sales book and make a record of the note in your bill book, making no further entry for either step in the transaction. The net amounts of each sale thus paid for before being posted will then be extended into the Total Sales column of the order book and will not be posted to the ledger.

4. In the case of all sales that are not paid for previous to posting, enter the net amount of each in the Posted Items column of your order book and post to the debit of the purchaser's account in the ledger.

5. If **payment** should later be made for any of these items **already posted**, enter the cash received in the Posted Items column of the cash book and post to the credit of the customer's account in the ledger.

6. **Enter all invoices** in your Invoice Record Book, opening accounts in your ledger with all creditors.

7. **Make payment for invoices bought** as follows:

(a) Pay all wholesale houses in cash, taking advantage of the discounts and enter in cash book, credit side, using the Posted Items column and the Merchandise Discount column very much as you did in Outline IV. When remitting to the Spurr Coffee Company and F. W. Stone & Co., write neat business letters and enclose also orders for new merchandise sufficient to keep up your stock to the original inventory. Mark the invoices, *Paid by Check* or *Paid in Currency*.

(b) For the invoices bought from students, give notes at 30 days and make entry in your journal charging the payee. Make a record also of these notes in your bill book, and in your invoice record book mark the invoices, *Paid by note*.

8. **Prove Cash.** Your cash book may be ruled in much the same style as the cash book in Outline IV, except that when the Posted Items and Mdse. Disct. columns are added and carried into the ledger, neither the personal totals nor the Mdse. Disct. contras are posted to the ledger, as in double entry, but the personal totals are carried into the journal as instructed in 10 (c), below, and the contra items are checked; or the ruling may be done as in 162 (b), which will avoid the contra entries for Mdse. Disc'ts.

9. **Posting.** (a) All items in the invoice record book should post to the credit of the accounts named.

(b) All items in the Posted Items column of the order book should post to the debit of the accounts named.

(c) All items in the Posted Items columns and Merchandise Discount columns of the cash book should post to the accounts named, exactly as you posted from the cash book in Outline IV.

(d) All items in your journal should post to the debit or credit of the accounts named as designated in each entry.

10. Now collect in your journal the footings of the Posted Items columns of all the other books as follows:

(a) Carry the footing of the invoice record book into the credit column in the journal, below the last journal entry, explaining "*Accounts Payable, Cr., I. V. B., page ———*" and rule the column in the invoice record book.

(b) Next, take up the order book, or sales book, rule and foot the Posted Items column, and carry the footing into the Total Mdse. column of the sales book and also into the debit column of the journal, explaining *Accounts Receivable, Dr., Order Book, page ———*.

(c) Lastly, carry to the journal columns from the cash book the sum of the footings of the Posted Items and Mdse. Disct. columns on each side; that from the Cash debit side to the credit column of the journal, with the explanation, *Accounts Receivable, Cr., C. B. page ———* and that from the Cash credit side to the debit column of the journal, with the explanation, *Accounts Payable, Dr., C. B. page ———*.

(d) Rule and add the columns of your journal, both the entries made therein directly and the footings brought in from other books, and the results should correspond respectively with footings of the debit and credit columns of an abstract of the ledger which you will take as instructed in 161, 19. If any accounts have been ruled up in the ledger since the last closing, the amount which these ruled accounts diminish the total of the abstract of the ledger, should be subtracted from both sides of the journal footings before beginning to enter the ledger abstract.

11. Secure your orders for next day's trading and submit with your books for your teacher's approval, with the duplicate copy of your daily report copied neatly into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book.....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency.....	.....	.....
<i>Bills Payable</i> , Ledger Balance.....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



.....191.....

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164. 1. Fill orders approved by your teacher at last closing, selling on the regular terms of the schoolroom and enter in your sales book as before.

2. Make a shipment of merchandise to some student. Enter in journal, opening an account with the shipment as in double entry but of course making no credit to merchandise.

3. Solicit a consignment of merchandise to be sold on commission unless you have already received goods for sale in this manner. Make entry in loose-leaf commission sales book as in double entry.

4. Enter in your invoice record book all invoices received and unentered.

5. Make payments for invoices bought of students by sight draft on students who owe you, as far as possible claiming the cash discount (Journal entries).

6. Write letters to your wholesale houses, remitting in full for last orders less discount and enclosing orders for such new merchandise as you need to keep up your stock, as required by the terms of the chattel mortgage which you gave when you bought the store.

7. If payment has been received for any of the unposted sales, make entry as instructed in 163, 3. If payment has been made for any sales that have already been posted to your ledger, make entry as in 163, 5.

8. Pay all notes which you owe that are due. If any of the large notes which you gave when you purchased your business have matured and you have not sufficient money with which to pay them, consult your teacher in regard to borrowing money at the bank and arrange to make collection of all outstanding accounts. If these will not furnish sufficient money to meet your obligations, you must make an effort to increase your business and must secure more and larger orders than usual for your future day's tradings.

9. Prove cash following instructions in 163, 8.

10. Post as instructed in 163, 9, a, b, c, d.

11. Collect in your Journal the footings of the Posted Items of all the other books following the instructions of 163, 10, a, b, c, d, and follow with an abstract of the ledger taken as instructed in 161, 19.

12. Make a statement of resources and liabilities and close your books as in 161, 13. Remember to include your shipment with resources.

13. Secure your orders for next day's trading including a sale of all consignment goods, and noting the instructions in 164, 8; then submit these orders for your teacher's approval with your books and a duplicate copy of the full report, copied carefully in the form below.

165. 1. Take in a partner who will invest with you merchandise, notes, a horse and wagon or any other chattels that he may possess, and let him give his own note at ninety days for the balance of his investment. If he should have some liabilities for the firm to assume, either in the form of accounts or notes, it will be so much the better for your entry. Unless your teacher wishes you to take some student as a partner you will do well to again form a partnership with Mr. E. H. Wemple, to whom you sold out in Outline V, and who will have for his investment with you the resources and liabilities turned over by you at that time. Make entry for your partner's investment as in the form below.

<i>James M. Stevenson becomes a partner in the firm of E. Mc. Cullough &amp; Co., sharing losses and gain in proportion to investment. His resources and liabilities are as follows:</i>			
<i>Resources</i>			
Cash	Dr. on Merchants Bank	134122	
Bills Rec.	Note on J. Smith	75-	
Fix. & Fix.	Burglar proof safe	125-	
Merch.	Per Inventory	Dr. 498247	
E. Warrison	Account	6575	658944
<i>Liabilities</i>			
R. Melvin & Co.	Acct. 30d.	Cr. 76972	
E. Grimes & Co.	" 60d.	43670	
Bills Payable	Accept. Jan. J. H. Ray	31132	151774
James M. Stevenson	Net Invest.	Cr.	507170

Transfer the cash as above to the debit of your cash book, and post to your ledger all the items marked Dr. and Cr. Then compare this entry with the opening entry you made in 161, 8, observing that in the above entry the personal debits and credits are posted from the items of the investor's entry instead of being entered separately as in 161, 8; and the investor's net credit only is posted instead of posting his debit and credit separately. Post the personal items of this entry to two *Petty Accounts*, one in the customers' ledger and one in the creditors'. *Petty Accounts Payable* would then appear as follows:

### *Petty Accounts Payable*

191-			
Oct.	1	R. Melvin 30d.	4 76972
	7	E. Grime 60d.	4 43670

Note.—Petty accounts (usually Petty Accounts Receivable) are opened in any business when it is not expected that there will be continued dealings with the persons or firms included in the entry. When payment is made the amount of payment is posted to the opposite side of the account *on the same line with the first entry*, not on the first vacant line on that side of the page as in other posting.

2. Fill orders approved by your teacher at last closing.
3. Render account sales of all consignments. Observe that your records in the consignment ledger will be as in double entry. But since you keep no loss and gain accounts in single entry, you will have no accounts with commission, storage and similar charges, and will make but one entry in the cash book Totals column for the amount of your remittances, whether by check or draft. Observe carefully, in taking an abstract of your ledger for proof purposes, to what extent the consignment ledger is taken into consideration.
4. Enter all invoices received and unentered.
5. Make payment for invoices bought by cash, notes, or sight drafts as may be convenient to you.
6. Pay all your notes that are matured, making entry in the Total Cash column of your cash book. If there be interest on these notes, include it in the cash book entry using one line only for the amount paid and explaining, *Paid note and Interest*. Be careful to mark these notes paid in your bill book.
7. Pay some note which you owe that is not due, securing a discount. Make entry in cash book as in preceding transactions, observing that the entry will be for the amount of cash paid, not for the face of the note. Compare this with double entry as illustrated in previous work.
8. Collect all bills receivable which you hold that are matured, with interest from date. Make entry in total column of the cash book and mark the notes paid in your bill book.
9. Unless otherwise instructed by your teacher, discount at the bank all the notes which you hold that are not due. Make entry in the cash book for the amount of cash received. Turn to your Bill Book and mark these, *Discounted at Bank*.
10. Detach from your prepared blanks Forms 131, 132, 133 and 134, and make payment at office or teacher's desk. The first items being expense items, the only entries are cash book entries in the Total column. The bill presented in 133 is a charge to your personal (private) account.
11. Post. Collect the footings of Posted Items columns into your journal and prove the abstract of your ledger. Rule this work neatly as in former daily closing.
12. Take separate inventories of merchandise, chattels, office furniture, and other property in your possession and make out a statement similar to the statement made in 161, 19, except that the loss or gain will be divided between yourself and your partner, making the latter part of that statement appear as in the form below.

<i>Present Net Capital</i>			10671/70
<i>E. W. Burke's Investment</i>	5050-		
<i>James M. Stevenson's Investment</i>	5071/70	10121/70	
<i>Net Gain of the Firm</i>		550-	
<i>E. W. Burke For 1/2 of Net Gain</i>	275-		
<i>J. M. Stevenson .. .. .</i>	275-		
<i>E. W. Burke's Investment</i>	5050-		
<i>Credited by gain</i>	275-	5325-	
<i>James M. Stevenson's Investment</i>	5071/70		
<i>Credited by gain</i>	275-	5346/70	
<i>Firm's Present Capital</i>			10671/70



**166.** 1. Post the loss or gain shown by the above statement to the respective partners' accounts. This finishes the closing of your books. Now proceed to verify your records.

2. **The first step in verifying records** will be to prove merchandise. As your invoice record book and sales book furnish you the total amount of sales and purchases and as you have complete records of inventories and itemized vouchers for all sales and purchases, you will be able to make out your expert report and prove your merchandise as in former double entry work. Complete this proof and if it does not discover all probable errors, proceed as below.

3. (a) Take one of the large proof sheets of merchandise and arranging columns in pairs, as debit and credit,<sup>1</sup> proceed to enter in the first horizontal line across the page all resources and liabilities as shown by your statement at last closing.

(b) Take up your journal transactions, carefully supplying the missing half as if each were a double entry. Thus if your journal entry credits a customer for a note you will enter the credit in the columns marked Accounts Receivable and a corresponding debit in the columns marked Bills Receivable, etc., aggregating wherever you can items that are alike until all journal items are transferred in totals, to the proof page. Take a trial balance of your proof page. If you have performed the above work correctly it will balance the same as a ledger. If it does,—

(c) Take up the invoice record book. Enter in the debit of the Merchandise columns total amount of merchandise bought. Place in the credit of Accounts Payable all that was bought on account; in the credit of Cash, the total of bills paid in cash; and in the credit of Bills Payable, the total of those for which you gave notes or accepted drafts. Again your proof should balance.

(d) Proceed in like manner with your sales book, obtaining therefrom a credit for merchandise and a corresponding debit for Accounts Receivable, Bills Receivable or Cash.

(e) From your cash book, debit side, take a cash debit, balancing it with credits to Accounts Receivable, Bills Receivable or other accounts as may be shown by the cash book entries that are not already included under the instructions above. Observe that you are to omit from the cash debit, items already included in the proof of other books. Proceed in like manner with the cash book credit side and again trial balance your proof.

4. Reduce this trial balance to a statement of losses and gains and resources and liabilities. The latter should be identical with the resources and liabilities of your statement in 165, 10, or should show you your errors. In preparing this statement of resources and liabilities be sure to have your personal accounts grouped into Accounts Receivable and Payable as in the opening entry of Outline IV.

#### **167. To Change Books to Double Entry.**

Open an account in your ledger for each item of the preceding Resources and Liabilities Statement which is not already represented by a ledger account. Post from this statement, to the accounts just opened, all the unposted items of the statement, and proceed to take a trial balance as in former double entry work. When this balance proves, your books are successfully changed to double entry. Submit all your books to your teacher for grading with orders for your next day's business that will dispose of all the merchandise that you have on hand and entered in your books (except Dep't E goods), submitting also the usual duplicate of your full report, a copy of which you will carefully enter below.

### **REPORT**

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

---

1. Instead of debit and credit columns the student may use red and black ink as in the proof in 161, 18, (d), which will be a valuable guide in making this proof.

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....			Ledger Balance.....		
Total uncollected in bill book .....			In bank, Stb. No. ...., .....		
Total value of notes in the safe.....			In safe, Currency .....		
<i>Bills Payable</i> , Ledger Balance .....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		
MERCHANDISE			TEACHER'S MARKING		
	Department A Goods	Department E Goods			
Cost of Mdse. bought.....			Accuracy.....	3	
Present inventory.....			Neatness.....	2	
Cost of goods sold .....			Orderliness.....	2	
Sales of merchandise.....			Records.....	2	
Gain, red ink; Loss, black.....			Progress.....	1	
Errors: Our fvr. red; cont. black.....			Average.....		

Respectfully submitted,

TEACHER'S



STAMP

.....191.....

## OUTLINE VII.

168. 1. Do not make an opening entry in your books at the present time. As has been explained previously, when business is continuous and especially when continued in the same set of books there is no occasion for an opening entry at any time after the beginning of the business; and the changes of business that have been given you, and the opening entries that have been required of you, have been for purposes of practice. At this time your practice will be in continuing the work in the old books without any formal opening entry to mark the beginning of this Outline. In continuing your business records in double entry form in the books which you have been using for single entry, it will be necessary to make some slight modifications in method of using the books.

(a) Use your cash book as you did while working Outline IV, using the Posted Accounts columns for Customers' and Creditors' Ledger columns respectively, and the Total Cash column for General Ledger. You have, perhaps, observed while working single entry, especially in making entry for prepared blank form 133, that all items posted in single entry were entered in the columns that in Outline IV were reserved exclusively for personal accounts. Such items now go into the General Ledger column when not personal.

(b) Rule your sales book completely and post-check the total of merchandise footing as that has now been carried to your ledger in the change to double entry and will not be carried forward farther in the sales book.

(c) You will make entries in your invoice record book, and will post the items to the credit of each personal account as you did in single entry, posting also the footing or total of merchandise bought to the debit of Merchandise and the credits of Accounts Payable in the general ledger as you posted from the invoice book kept in Outline IV.

(d) The Journal might be dispensed with as was done in Outline V, but in view of the fact that it is the best book in which to study the debit and credit relations of entries, and that the work of this Outline will present a number of new entries for you to study, we will retain the journal, using it as in Outline IV.

2. Make entry for all invoices of merchandise that have been received and not entered.

3. Fill orders approved by your teacher at former closing, selling all merchandise on hand except Department E goods. If your orders do not include all wholesale stock on hand and entered, secure additional orders to dispose of all your stock and present them to your teacher for approval before filling.

4. Make a sale to the Townsite and Trading Company of all Department E goods in your possession, billing them on account subject to draft.

5. (a) Detach from your prepared blanks form 135, observing that it is a letter from the Associated Offices. Reply to this letter accepting the proposition and place your reply in envelope of papers to be submitted to your teacher with your books, filing the letter of the Associated Offices in your letter file. Then

(b) Detach from prepared blanks form 136. Observe that it is an order from the Associated Offices directing their selling agency at College Center to supply you with the goods of certain firms at the special discounts offered you in their letter.

6. Prepare four orders for merchandise, addressing one to each of the four companies with which you are to have dealings and ordering in each case the full quantity of goods permitted by the schoolroom "limit" as per your contract with the Associated Offices. Forward these orders to the College Commercial Company, addressing a letter to the Commercial Company in which you will state that you are enclosing them herewith four orders for merchandise from companies represented by them, accompanied with a letter granting you special discounts on all these goods. Ask them to please give the matter their prompt attention and bill goods accordingly, on 60 days with usual cash discounts.

7. You will observe that while this special proposition from the Associated Offices will give you an opportunity to make a great deal more money than you have been making in any previous business, it will also require the employment of more capital. The orders you have just placed being probably very much in excess of your cash on hand, it will, therefore, be necessary that you devise some way of increasing your capital. This might be done by taking in another partner (or several partners) as you have done on previous occasions; but the loose methods of management which partnership necessarily permits and the unlimited liability of partners in general to third parties, argues in favor of the incorporation of your business, and the increasing of your capital by selling stock.

8. With this in view you may

(a) Clear your books of all dead and fictitious personal accounts by collecting those that owe you and paying those that you owe at the teacher's desk. These will include all items of Petty accounts.

(b) Post; prove all accounts and records; take trial balance; make out balance sheet; and close books preparatory to the organization of a corporation.

9. When all work is completed as instructed in 8 preceding, secure orders for another day's trading large enough to dispose of most of the goods purchased and submit them to your teacher with your books for approval, accompanied by the usual duplicate report carefully copied into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

## CAMPBELL'S ACTUAL ACCOUNTING

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES				CASH			
Bills Receivable, Ledger Balance.....				Ledger Balance.....			
Total uncollected in bill book.....				In bank, Stb. No. ...., .....			
Total value of notes in the safe.....				In safe, Currency .....			
Bills Payable, Ledger Balance.....				In safe, Checks, .....			
Total unpaid in bill book.....				Total Cash on hand.....			

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....			Accuracy.....	3		
Present inventory.....			Neatness.....	2		
Cost of goods sold.....			Orderliness.....	2		
Sales of merchandise.....			Records.....	2		
Gain, red ink; Loss, black.....			Progress.....	1		
Errors: Ourfvr. red; cont. black.....			Average.....			

169 (a)

## INVOICE RECORD BOOK.

DATE	L.F.	NAME	TERMS	NO.	AMOUNT	FANCY APRICOTS	CHOICE APRICOTS	SANTA CLARA PRUNES	EVAPORATED PEARS	MUIR PEACHES	PORK AND BEANS
Oct. 8	21	Spurr & Co.	60d. 1/30	1	132563						
8	37	F. W. Stone & Co.	60d. 3/10	2	100625						
8	39	R. D. Fruit Co.	60d. 3/10	3	37093	13393	9429	4286	4822	5143	
8	42	Van Camp & Co.	60d. 1/30	4	808-						80-
12	42	" "	60d. 1/30	5	33120						40-
12	39	R. D. Fruit Co.	60d. 3/10	6	10307	5357	1886	1071	964	1029	
12	21	Spurr & Co.	60d. 1/30	7	27451						
12	37	F. W. Stone & Co.	60d. 3/10	8	32125						
60		Sundries to Ccts. Pay.			454064	18750	11315	5357	5786	6172	120-
		Debits Posted				10	12	14	16	18	20

(b)

## DEPARTMENT SALES BOOK.

DATE	L.F.	NAME	TERMS	NO.	AMOUNT	FANCY APRICOTS	CHOICE APRICOTS	SANTA CLARA PRUNES	EVAPORATED PEARS	MUIR PEACHES	PORK AND BEANS
Oct. 17	71	M. L. Martin	30d. 2/10	1	207-						25-
17	78	G. J. Moore	30d. 3/10	2	9225	1250	44-	1250	1125	12-	
17	80	M. C. Hopkins	30d. 2/10	3	15525						
17	82	B. F. Burg	30d. 2/10	4	11350						
17	83	J. R. Hunter	30d. 4/10	5	134-						
17	85	H. D. Irvine	30d. 2/10	6	14175	25-	44-	3750	1125	24-	
17	89	M. R. Miller	30d. 2/10	7	273-						
17	93	L. M. Williams	30d. 4/10	8	277-						50-
50		Goods Recd. to Sundries			139375	3750	88-	50-	2250	36	75-
		Credits Posted				10	12	14	16	18	20

(c) You will need for the regular business of this Outline a new form of invoice record book and similar form of sales book (see form of invoice record in 169). Then readjust sheets of your loose-leaf books of original entry to insert pages of these two books following the invoice record and sales book pages respectively of Outline VI. You will also need a number of specially ruled stock record books. Except in speculative stocks in large companies where there is much buying and selling of the stock, record blanks are usually bound into one book and in this form, they are furnished for your work. They will consist of a Stock Subscription book and Installment book combined arranged for the payment of stock in two installments (the book might be planned for any number of installments), a Certificate Book, a Stock Ledger, and a Dividend Book. A Stock Transfer Book is often used for the purpose of making a permanent record of the transfer of stock, but in your work this book will be omitted, the record of transfer being kept in the stub of the certificate book. A Stock Journal is another book frequently used for keeping a consecutive record of all stock certificates issued and cancelled, the items of this record being transferred to the stock ledger. It is, however, quite practical, though it would not be as convenient in handling the stocks of a company where there was much buying and selling, to transfer the record of certificates issued and cancelled directly from the stub of the Certificate Book to the Stock Ledger

INVOICE RECORD BOOK.

VEGETABLE SOUPS	BORDEAU CATSUP	EXTRA TOMATOES	FAMILY SIZE MILK	JAPAN TEA	OOLONG TEA	ENG. BREAK. TEA	CEYLON TEA	REVERE COFFEE	LEXINGTON COFFEE	CONCORD COFFEE	CONTINENTAL COFFEE
32-	45-	30-	75-								
				50-	49-	37 50	18 75				
								17 50	32-	14-	50-
								35-	32-	42-	25-
				100-	98-	37 50	37 50				
32	90	30-	75-								
64	135	60	150-	150-	147-	75-	56 25	52 50	64-	56-	75-
22	24	26	28	30	32	34	36	38	40	42	44

DEPARTMENT SALES BOOK.

VEGETABLE SOUPS	BORDEAU CATSUP	EXTRA TOMATOES	FAMILY SIZE MILK	JAPAN TEA	OOLONG TEA	ENG. BREAK. TEA	CEYLON TEA	REVERE COFFEE	LEXINGTON COFFEE	CONCORD COFFEE	CONTINENTAL COFFEE
								328 13	600-	210-	187 50
				208 33	204 17	468 75	125-				
128-	180-	120-	300-								
51 20	72-	48-	120-								
								65 63	120-	42-	46 88
				83 33	81 67	93 75	62 50				
179 20	252-	168-	420	291 66	285 84	562 50	187 50	493 76	720	252	234 38
22	24	26	28	30	32	34	36	38	40	42	44

## CAMPBELL'S ACTUAL ACCOUNTING

(d)

Stock Subscription and Instalment Book.

We the undersigned hereby subscribe for and agree to take the number of shares of stock in the Peoples' Telephone and Telegraph Company set opposite our respective names and to pay for the same at the par value of FIVE DOLLARS per share, one-half of said payment to be made on the completion of the organization, and one-half in six months thereafter.						FIRST INSTALMENT OF 50 %			SECOND INSTALMENT OF 50 %		
DATE	SIGNATURES OF SUBSCRIBERS	No of Shares	Value of Shares	Cert. No.	Stk. Led. Fol.	AMOUNT	WHEN PAID	Stk. Led. Fol.	AMOUNT	WHEN PAID	Stk. Led. Fol.
1911 Oct. 1	J. Moorhead	100	500-	1	1	250-	1911 Oct. 15	1	250-	1911 Apr. 15	1
1	Edward F. White	50	250-	2	1	125-		15 1	125-		15 1
2	<del>J. J. Morrison</del>	50	250-	3	2	125-		15 2	125-		15 2
3	Richard V. Lipe	50	250-	4	2	125-		15 2	125-		15 2
3	V. E. Renteria	100	500-	5	3	250-		15 3	250-		15 3
5	Chas. C. Kuyter	100	500-	6	3	250-		15 3	250-		15 3
5	J. L. Bridges	50	250-	7	4	125-		15 4	125-		15 4

(e)

R. L. Moorhead

DATE	Cert. Issued		Cert. Cancelled		Balance of Shares Held	EXPLANATION OF TRANSACTION	Ref.	SUBSCRIBED		PAYMENTS	
	No.	Shares	No.	Shares				Shares	Value		
191-											
Oct. 1						Subscribed	1	100	500 -		
15						1st Instl.	1			250 -	
Apr. 15	1	100			100	" 2nd. "	1			250 -	
									500 -	500 -	
Aug. 1				1	50	Transferred to					
1	200	50			50	G. E. Fryter					

(f)

Dividend No.

of

**% Declared**

19

STOCKHOLDERS' NAMES AND ADDRESSES	No. of Shares	Amt. of Dividend	DATE AND ACKNOWLEDGMENT OF PAYMENT

(g) When stock companies are organized for the purpose of pushing some ordinary mercantile business, the fewer the books used, and the simpler the method followed in keeping the



stock records of the company, the better both stockholders and accountants are pleased. This being exactly the conditions under which your corporation is organized, we are therefore presenting one of the simplest forms that seems to be consistent with complete work. Another book called the Assessment Book is a stock record used where stock is frequently subject to assessment. In general form it would be something like a Dividend book. For the forms of the books which you are to use, see 169 (d), (e), (f) and (h) and compare the forms there shown with those which you find in your set of stock record blanks.

169 (h)

No. 251

Part of Share 100.

To whom issued  
Carl E. Miller

Dated July 27, 19

From whom transferred  
None

Received Certificate No.       

for        Shares

this        day of July 1919

Cancelled by Incorp. No.       

Date        1919

STOCK  
CERTIFICATE

10,000 SHARES  
NUMBER  
251

INCORPORATED UNDER THE LAWS OF THE STATE OF  
Y. S.  
OCTOBER 24, 1910

CAPITAL STOCK \$500,000.

SHARES

**People's Telephone & Telegraph Co.**

OF  
COLLEGE CITY.

This Certificate is given to Carl E. Miller with the amount of One hundred Shares of the Capital Stock of the  
**PEOPLE'S TELEPHONE AND TELEGRAPH COMPANY,**  
transferable only in the Books of the Corporation in person  
or by Attorney, surrender of this Certificate properly endorsed  
in Witness Whereof, the President and Secretary of this Corporation have hereunto subscribed  
their names and caused the corporate Seal to be hereunto affixed at College City  
the twenty-seventh day of July 1919.

**Corporate Seal**  
T & T  
COLLEGE CITY, N. Y.

E. L. Crawford SECRETARY  
D. L. MacEwen PRESIDENT

170. I. Take from your envelope of legal blanks a set of Articles of Incorporation and fill them out carefully, stating your purpose to form a corporation under the laws of the state of Y. S. for the purpose of conducting a special selling agency at College Park, Y. S. Consult your teacher as to the amount of capital stock, as this will depend much on the capital invested in your present partnership and the probable amount of stock that you will be able to sell in the schoolroom. Your capital should prob-



ably be not less than \$20,000. When your Articles of Incorporation are correctly filled out, they should be signed by yourself and partner, or partners, and by two or three other persons who expect to become stockholders in your corporation. These signatures should be acknowledged before a notary after which the paper may be filed at your teacher's desk.<sup>1</sup>

2. (a) **Open your Subscription Book.** Each member of the old partnership should subscribe for enough capital stock to cover, approximately at least, his interest in the partnership and he may subscribe for as much more as he is able personally to pay for. You may subscribe for a little more than your partnership interest and Mr. Wemple, or whoever is your partner at this time, may subscribe for a little less. Your teacher will sign for Mr. Wemple as in former work. Secure other subscriptions until you have five<sup>2</sup> or six stockholders but do not dispose of all your capital stock. Leave some to be sold later.

(b) **Observe that each subscriber must write his own name in the Subscription Book,** this being his agreement to take the shares of stock specified. When you have secured as many subscriptions as you desire, you may fill the column entitled Certificate Number with consecutive numbers, one after each subscriber's name, and at your leisure may write up the certificates and stubs in the certificate book (omitting dates) ready for the signatures of the officers of the company when the certificate is to be issued. You will not issue certificates until the stock is fully paid, which means not until the second installment of subscriptions is collected. The principal advantage in assigning certificates to the subscribers in the order of their subscription, is that the certificate stubs will be numbered in the same order as the stockholders' names in the subscription book. Otherwise any subscriber who would be first to make full payment of his stock would be entitled to Certificate No. 1 and any other in the list might in the same way become entitled to No. 2.

(c) Omitting all the legal details of the organization, you may assume that you have been elected president of the company and that your former partner has been elected secretary. Or since your duties as bookkeeper, etc., will more nearly coincide with those of the secretary you may reverse the assumption and use your partner's name as that of president and your own as secretary. The principal stockholder is, however, usually the president. If Mr. Wemple is one of your stockholders let him hold one of these offices and to save your teacher the time required to affix Mr. Wemple's signature to the necessary papers, he may if he sees fit delegate that authority to you.

3. Since some of the features of your business as a special selling agency will necessitate, in part at least, a new set of books, you will proceed to make such entries as would be necessary in closing entirely the partnership books, to be followed later by a set of entries opening new books for the corporation. The closing entries will be made in your journal and will be similar to the entries made at the dissolution of your partnership in 157-158.

(a) Debit the new company by name and credit the accounts that make up the resources of the partnership as per last statement. Explain Your surname here *Commercial Company is charged for resources of* Name of your partnership *turned over to said company at organization.*

(b) Credit the new company and charge the accounts that make up the partnership liabilities including the partner's stock accounts, explaining Your surname here *Commercial Company is credited for liabilities of* Name of Partnership *assumed by them at organization and for the partners' stock accounts for which the partners are to receive compensation in the stock of the company or in cash.*

1. State law prescribes where these articles are to be filed, usually with the secretary of state, who grants permission (usually by issuing a certificate) authorizing the persons filing the Articles to open a subscription book for the sale of the stock of the company.

2. The law in some states requires at least five stockholders. In other states, organization is permitted with three.

(c) Endorse all notes held by the partnership in favor of the company. Make out statements against all your accounts receivable in the name of your partnership, accompanying each with a statement of the organization of the new company and requesting a settlement by check in its favor. Then write out and hand to your teacher an announcement to the effect that the firm of Your firm name here has incorporated under the name of Your surname Commercial Company and that the new company will assume and pay all debts of the partnership and is authorized to collect the liabilities. This should be signed both by the partnership signatures and by the signatures of your corporation by its president. You should also attach a corporation seal<sup>1</sup> as evidence of the signature of the corporation.

(d) Post the entries made above and rule all accounts. This should entirely close the books of your partnership. Submit to your teacher all your books in which you have made entries since last closing for criticism and approval and when he has placed his stamp in the form to the right, you will proceed to open books for the new corporation as suggested below.

TEACHER'S



STAMP

171. 1. To open books for your corporation, enter in the wide column of your journal the following memoranda, Your surname *Commercial Company* has this day been organized to succeed the partnership known as Your partnership name its capital stock being owned and subscribed as follows. Then debit Subscriptions for the total value of shares subscribed, itemizing beneath the title, *Subscriptions*, the names of the subscribers and the amount which each has subscribed. Beneath the itemized debit to Subscriptions, debit Treasury Stock for total value of the unsold shares and complete the entry by crediting Capital Stock for the amount of the capital of the company. The entry should balance as any journal entry. In posting the part of this entry pertaining to Subscriptions, post the separate amounts subscribed, writing the name of each subscriber in the wide column and omitting one line between each name, giving the account the form of petty accounts receivable (see 165, 1) and leaving room for two credits, amounts paid on installments.

2. Debit the resources taken from the partnership books for their respective amounts and credit the liabilities, making an additional credit to Subscriptions (itemized) for the amount of each partner's interest that is subscribed in stock, and giving either partner credit on personal account (the same as any other personal account credit) for any balance of partnership interest that exceeds the amount of his stock subscription. See that these entries balance. Then explain, *The above resources and liabilities are transferred from the books of* Your firm name *to the books of* Your surname *Commercial Company.*

Open an account with Capital Stock on a new page toward the back of your general ledger; on the page following, open an account with Subscriptions; follow this on the next page with Treasury Stock; leave the page following Treasury Stock blank until further instructions and arrange pages for your general ledger resources and liabilities to suit yourself, being methodical in your arrangement and following in general the order given in the first opening of your books.

3. Collect the first installment of subscription in cash from all subscribers except the partners and give receipts therefor, making entry to the credit of Subscriptions in the cash book and in the First Installment column in the subscription book. Also at this time indicate in the subscription book the settlement of all installments of the partners' subscriptions so far as the amount of their partnership interest is large enough to cover the subscription. This under the instructions given in 170, 2, will credit your partner's installment in full and will credit your installments to the extent of your partnership interest. How nearly the installments of your subscription are covered by your partnership interest depends, of course, upon the number of shares for which you subscribed.

4. Open in your stock ledger an account with each subscriber, posting thereto from the subscription book as a debit the amount each has subscribed and as a credit or credits the amount or one for each installment.

1. A corporation seal is usually a die that stamps into the paper the full name of the corporation. The name of the company is signed by its president or secretary or both, or by some one else specially delegated to act for it, this authority being specially granted at a lawfully held meeting of the directors and duly entered in the minutes.

5. Since one at least of the partners has paid for his stock in full by his partnership interest (which should now be shown by the record in the stock ledger), you will immediately issue him a certificate of stock, transferring the stub record to the column marked Certificates Issued in the stock ledger.

6. Fill the orders approved by your teacher at your last report. Make entry in your sales book using but a single line for each sale and carefully filling and referring to the order blanks, which you will file in the proper compartment of your filing case to complete the sales record.

7. Make entry for all invoices received, entering invoices from the wholesale houses in the new Invoice Record Book and invoices of Department E goods (bought from students) in the Invoice Book used while working Outline IV. If the pages of this Invoice Book should be full, you can use pages of the Invoice Record Book used with Outline VI.

8. (a) Make payment for all invoices received, giving notes or accepting drafts where desired and in other cases making such payment as you see fit according to the terms of the invoice.

(b) Make payment for all your notes or acceptances that have matured, making entry in your cash book as in former work, a matter that should be perfectly familiar to you at this stage of your progress.

9. Make entry for all payments received, whether payments for goods sold or for notes or acceptances, making the entry in your cash book as in former work.

10. Make remittance to the College Commercial Company for goods bought according to the terms of the respective invoices, and if you have not sufficient cash consult with your teacher and make arrangements to borrow at the College Bank such a sum of money as will enable you to take advantage of the cash discounts of your bills, while waiting for collections on your sales. The note which you give the bank should be in joint and several form, signed by yourself and some other student acceptable to your teacher and the bank. Your teacher's approval of this form will be indicated by his stamp when the paper is presented to be vised. In the same letter in which you enclose cash remittances for your wholesale houses (you need write but one letter at this time, addressing it to the College Commercial Company as the representative of the four houses with which you are dealing) you will include one additional order for each of the four houses, making it as large as the school "limit" will permit, but not omitting the same ticket from two consecutive orders.

11. Detach from Prepared Blanks Form 137 and pay at the office or teacher's desk.

12. Post, prove cash and notes, make bank deposit and trial balance your books. Then secure orders for your next day's trading, making it a point to **include in each order some of the goods of each of the companies** whose goods you are handling and submit these orders to your teacher for approval, together with your books and a duplicate copy of your daily report neatly copied into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

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172. 1. Draw a draft at 30 days on the Townsite and Trading Co. for the amount of your last sale of merchandise and discount it at your bank.

2. Fill orders approved by your teacher at last report.

3. Sell some of your treasury stock, at a premium if possible, and if not, at a discount. Have purchaser sign the subscription book and collect the first installment and the premium in cash. If the stock be sold at a discount, it would be good business to leave all discount to come out of the second installment, but for the sake of getting the entry at this time, you may take at least half the discount out of the first installment. Give the purchaser a receipt for the payment as in transactions with other stockholders. Since you sell at a premium or discount, you will need to open an account for the amount of premium or discount as the credit to Treasury Stock must be at par value. Make entry in your journal debiting Subscriptions and crediting Treasury Stock for the par value of the shares sold. In debiting subscriptions, remember to use the name of the stockholder as a sub-entry title exactly as in preceding sales of stock. Now make entry in the cash book crediting Subscriptions for the amount of the first installment and Stock Commissions (if the stock was sold at a premium) for the amount of the premium; if the stock was sold at a discount, debit Stock Commissions on the credit side of the cash book for the amount of the discount.

4. Make entry for all invoices received, entering your wholesale invoices in your new invoice record book and the invoices of Department E goods received from students in the invoice book used while working Outline IV. (See 171, 7.)

5. Make payment for all invoices received from students, giving notes at 60 or 90 days whenever you can, that you may reserve a good cash balance for payment of wholesale invoices.

6. Make payment for all notes on acceptances matured, and collect all you hold that are due. If you hold any that are not due which are likely to be difficult of collection at maturity, discount them at your bank.

7. Collect the second installment of capital stock from all subscribers and issue certificates. Credit each in the second installment column of subscription-installment book and post to the stock ledger. Make entry for the cash required in the cash book, debit side, crediting Subscriptions with each subscriber's name as a sub-entry title in place of the explanation, and post the amount (when posting from the cash book) to the general ledger. If you have not enough personal cash to pay any balance on your own second installment, you may give the company your note. Next post to the stock ledger from the stub of the certificate book a record of each certificate issued at this time and from the subscription-installment book post the payments on stock. The money columns of each subscriber's account in the stock ledger should now balance, showing all stock paid up in full. This being the case, the money columns of the accounts in the stock ledger may be ruled if you so desire, as there will be no further entries in the money columns of these paid up accounts. This would be different if we were considering assessable stock, but that feature of stock work will not be presented in this outline.

8. (a) Sell the balance of your treasury stock, if possible, to some one not now in the company, at 5% premium, taking merchandise in payment. If necessary to get this transaction, you can afford to pay a higher price than usual for the merchandise, so long as it does not exceed the 5% stock premium.<sup>1</sup>

1. If you do pay an extra price for the merchandise, it will be most convenient for you in the proving of your merchandise account later, if you enter the merchandise at regular price and deduct from the stock premium the amount of any excess price of merchandise. Otherwise, do not extend this invoice into the money columns of the invoice book, but make a journal entry for the amount explaining carefully in the ledger when posting.

(b) If your purchaser is willing to pay for the stock in full at this time it will not be necessary to pass the transaction through the subscription-installment book, as you may make entry properly in your journal, **Merchandise** (Dr. to), **Treasury Stock and Commissions**, but for the sake of keeping in one place a consecutive list of your stockholders, it will be well for this purchaser also to sign the subscription book, and in that case you will make entry as in transaction 3, except that the second entry also will be in your journal instead of the cash book, and will debit Merchandise instead of Cash.

9. Sell ten shares of your own stock at a premium if possible, but at a discount if necessary, to some one not now in the company. As this is your own paid-up stock, you will

(a) Observe that the company does not get the money for it and you will place what you receive in the envelope used for your private cash and other papers. If you receive payment by a check have it certified before placing it in the envelope.

(b) Although the financial part of this transaction receives no entry in the books of the company, the stock transfer will require entry in the stock records.

First, you will cancel the certificate which you held, filling the blanks on back of the certificate and making a record on the original stub of the same number.

Second, you will issue to the purchaser for the number of shares which he has purchased the first certificate not issued, numbering it consecutively with the certificate preceding and will issue to yourself for the balance of the shares which you hold, the next certificate in consecutive order.

Third, you will open a new account in the stock ledger for the new stockholder, if he be one outside of your company, and will post to it the record of the issue of the new certificate without any record whatever in the money columns of his account, since this is paid-up stock. If your stock be sold to a former stockholder, this same record will follow on the first vacant line in his present stock account.

Fourth, post to your stock account in the stock ledger, the record of the cancellation of the certificate which you held as well as the record of the issue of your new certificate and extend the correct amount into the Balance of Shares Held column. Again there will be no record in the money columns of the stock ledger account. File your cancelled certificate in an envelope marked Certificates Cancelled or perhaps you may find a convenient place for it in the back compartment of your invoice file. If you were not using your certificate stubs as a book of entry and reference, the cancelled certificate could be reattached to the original stub with paste, but this would make your stubs so inconvenient for reference that it will be best to file the cancelled certificates elsewhere, making a reference on the cancelled stub to the place of filing.

10. Ask some other stockholder to make a sale of part of his shares. If he cannot find a purchaser in the schoolroom without difficulty, buy this stock yourself. The records for the transaction will be very similar to the records of 9 preceding. You can give your **personal** note for payment, or if you receive money enough from the sale of the stock in 9 above, you can use that in paying for this stock.

11. Make remittance in cash to the College Commercial Company in full for invoices of merchandise received from the four houses with which you are dealing and place new orders as large as the schoolroom limit will permit. Do not, however, exactly duplicate your last orders, but let the omitted ticket be something different from that omitted the last time.

12. Secure orders for your next day's trading, being careful to secure one order from some one of your stockholders (preferably one who is probably short of cash) for enough merchandise to cover the amount of his stock. Make the terms of this order, *note payable on demand*, giving the usual trade discount with 1% for the note.

13. You are now ready to declare your first dividend.

(a) Post. (b) Prove cash. (c) Make bank deposit. (d) Prove Bills Receivable and Payable.

(e) Prove Merchandise, taking your inventories in all departments carefully. Observe that the accounts with the different lines of goods classified into departments on the basis of the per cent. of profit will condense the wholesale stock into four Departments, which with Department E will just fill the columns of your expert report blanks.

(f) Close Freight and Taxes on Mdse. into the Mdse. account and take a trial balance.

(g) Take inventories of all accounts, such as Expense and Salaries, unless all items included in these accounts are considered a total loss at this time, and

(h) Make out a balance sheet showing enough of the loss and gain transferred to Dividend No. 1 to make a 5 or 10 per cent. dividend on your capital stock, the balance of loss and gain being transferred to an account which we will style Undivided Profits. For form of the balance sheet see 173.

(i) Close your books. Transfer loss and gain items to the Loss and Gain account as in former closings. Then distribute the loss and gain by an entry in the journal, in which you will debit Loss and Gain for the total amount of gain and credit Dividend No. 1 for the amount indicated in the balance sheet and Undivided Profits for the balance of the gains. Observe that Capital Stock is not touched in the closing entries as were the partners' stock accounts in keeping partnership books.

14. Post this loss and gain entry to your ledger, opening accounts with Dividend No. 1 and Undivided Profits on consecutive pages next following the page assigned to Treasury Stock and submit your books to your teacher for approval, with an analytical form of statement as in 173, submitting therewith all papers reserved for his inspection, your customers' orders for merchandise and a duplicate of the full report carefully copied into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

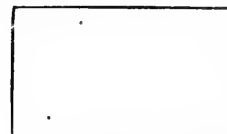
NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book.....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency.....	.....	.....
<i>Bills Payable</i> , Ledger Balance.....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....	.....	.....	Accuracy.....	3	.....	.....
Present inventory.....	.....	.....	Neatness.....	2	.....	.....
Cost of goods sold.....	.....	.....	Orderliness.....	2	.....	.....
Sales of merchandise.....	.....	.....	Records.....	2	.....	.....
Gain, red ink; Loss, black.....	.....	.....	Progress.....	1	.....	.....
Errors: Our fvr. red; cont. black.....	.....	.....	Average.....	.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

173 Statement of the C. W. Burke Commercial Company, Jan. 1, 19\_\_.

----- Trial Balance, Face of Ledger -----			
1 Capital Stock			50000 00
2 Treasury Stock	5000 00		
CB Cash	40924 39		
13 Merchandise (Inventory \$3936.01)	51464 34	58147 54	
23 Merchandise Discount	425 87	457 44	
24 Expense (Inventory \$36.00)	1302 00		
34 Advertising	542 00		
25 Salaries (Liabilities inventory, \$37.50)	550 00		
25 Interest & Discount		7 44	
18 Bills Receivable	5324 43	1675 96	
18 Bills Payable	195 00	1488 12	
39 McConnell & Company	4365 97	648 47	
40 Anderson & Anderson	2250 63	1386 96	
50 F. H. Burns	2214 78	102 00	
61 The Van Camp Packing Company	744 00	1389 18	
	115303 41	115303 41	
----- Resources & Liabilities -----			
----- Resources -----			
Treasury Stock	5000 00		
Cash	40924 39		
Merchandise, per inventory,	3936 01		
Expense, per inventory,	36 00		
Bills Receivable, per list attached,	3648 47		
McConnell & Company	3717 50		
Anderson & Anderson	863 67		
F. H. Burns	2112 78		
Total Assets		60238 82	
----- Liabilities -----			
Salaries (Earned but not charged, Lia. Inv.)	37 50		
Bills Payable, per list attached,	1293 12		
The Van Camp Packing Company	645 18		
Total Liabilities		1975 80	
Net Resources, C. W. Burke Commercial Co., Pres. Worth		58263 02	
----- Losses & Gains -----			
-- Gains --			
Merchandise Sales	\$58147.54		
Merchandise Cost, total	\$51464.34		
Deduct Goods on Hand (Inventory)	3936 01		
Gives Cost of Goods Sold	47528.33		
Subtracting from Sales gives Mdse. Gain		10619 21	
Merchandise Discount, on Invoices Bo't	\$457.44		
Allowed on Sales	425.87		
Net Gain in Mdse. Discounts		31 57	
Interest & Discount, Int. Col. on notes		7 74	
Total Gains		10658 52	
-- Losses --			
Expense, Total debit	\$1302.00		
Inventory deducted	36.00		
Net loss in Expense		1266 00	
Advertising		542 00	
Salaries, Ledger debit	\$550.00		
Earned but not charged, (Lia. Inv.)	37.50		
Total loss in Salaries		587 50	
Total Losses		2395 50	
C. W. Burke Commercial Company's Net Gain		8263 02	
---Disposition of Gain ---			
Dividend No. 1 (10 % of Capital Stock)	Cr. 5000 00		
Undivided Profits	Cr. 3263 02	8263 02	
Capital Stock of Company		50000 00	
C. W. Burke Commercial Company's Present Worth		58263 02	



174. 1. Make a sale to the Townsite and Trading Company at list price on account subject to draft of all Department E goods on hand, entering this sale in the journal and itemizing it carefully. We make this entry in the journal for two reasons, one because the sale is so infrequently made that it was not desirable to use a column for it in the sales book, and the other because we have no itemized order to file for reference and must therefore copy, in connection with the entry, an itemized list of the goods sold.

2. Fill orders approved by your teacher when books were submitted.

3. (a) Open your dividend book and on the first page write up Dividend No. 1, placing opposite the name of each subscriber the amount of dividend to which he is entitled and proceed to draw the company's checks for the amounts. In delivering these checks, take with you your dividend book and when you deliver the check, have each subscriber sign for the dividend, in the signature column on the line opposite his name.

(b) Make entry in your cash book, credit side, debiting Dividend No. 1 explained by the name of the stockholder as a sub-title, and post to the account with Dividend No. 1 in the general ledger, entering the name of the subscriber in the wide column of the ledger account. When these dividends are all paid, the dividend account will balance and should be ruled. Have the check that is issued in your favor certified, and then place it in the envelope containing your private cash and papers.

4. When you have secured the demand note from the stockholder to whom you are instructed to make special sale of merchandise in 172, 12, present it to him for payment, offering to take his stock in part or full payment as the case may be. As this stock becomes the property of the company, make entry, debiting Treasury Stock and crediting Bills Receivable. The debit to Treasury Stock must be made for the par value of the stock. If in your transaction with the student you have bought at either a premium or a discount, adjust that by an entry crediting or debiting Stock Commission.

5. Buy this stock from the company for yourself, giving the company your individual note on demand for the amount.

6. Take the money which you received from the company for dividend and apply it to the payment of your note on demand given as instructed in 5, and transfer to the company enough of your stock to pay the balance due on your note. This entry would be best made in your journal, debiting Cash and Treasury Stock and crediting Bills Receivable for the amount of your note, and then posting Cash to the cash book. Observe that the surrender of stock to the company on your part will necessitate the cancellation of your present certificate, or one of your certificates, if you hold two (the purchase of stock which you made in 5 would give you two certificates), and the reissue of a new certificate to yourself for the balance of shares held. Complete the stock records carefully, consulting your teacher if necessary, to be sure that they are correct.

7. Pay for all invoices bought from students. In payment for some one of these invoices from some one not a stockholder (preferably the largest invoice received from a non-stockholder) give the company's note payable on demand. Make other payments as usual.

8. (a) Pay all notes and acceptances that you owe that have matured, or if you are short of cash, pay the interest and give new notes with an endorser in each case.

(b) Collect all notes and acceptances which you hold that are due. Draw on T. & T. Co.<sup>1</sup>

(c) Pay the note on demand given as instructed in 7 above, insisting that the holder take stock in the company for it. You may sell the stock at a discount if necessary, but it would be better to talk the stock up so as to induce him to take the stock at a premium. If there is not enough treasury stock on hand to pay the note, put in some of your own stock and be careful not to get tangled in making the entry.

9. Write to the College Commercial Company including cash remittance for invoices last received (borrow at the bank as before if necessary) and including in your letter new orders for merchandise as before.

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1. Include with each bank deposit in this Outline a draft on the T. & T. Co. for some amount in round numbers, as \$500, \$1000, or \$1500, but not exceeding 95% of their net credit on your books.

10. If the amount of money set aside to Undivided Profits when your last dividend was paid, together with the gains on the sales just made, will be sufficient to pay a 25% dividend, you are ready to make another closing of your books. If the gains are not large enough, secure orders for another day's trading large enough to insure the desired profit. Present them at once to your teacher for approval and fill them as soon as approved, placing additional orders for merchandise with the wholesale houses that your stock may not be depleted when you need it for future sales.

11. When you have continued your trading to the extent sufficient to insure you a 25% dividend, close your books, taking inventories and proving all accounts, carefully following the outline in 172, 13.

12. Presuming that the company has voted to increase the capital stock and that you have taken the legal steps necessary, you will, in distributing loss and gain in your balance sheet at this time, distribute an amount equal to the 25% of the capital stock to Stock Dividend No. 1 and the balance to Undivided Profits as before.

13. Close books as before, transferring the loss and gain when collected, by a journal entry to Stock Dividend No. 1 and Undivided Profits, provided your gains at this time exceed the 25% desired for stock dividend. If the gains should be less than 25% of the capital stock, this entry should transfer all of the gain to Stock Dividend and another entry should be made in which you will debit Undivided Profits and credit Stock Dividend No. 1 for enough additional to make the 25% Stock Dividend. If this should throw the balance of undivided profits on the debit side let it so appear and we will adjust that later. The account with Stock Dividend No. 1 you will open immediately following the account of Dividend No. 1, and the entry to Undivided Profits you will post to the account already opened under that name. When your books are properly closed, submit them to your teacher for approval, with a statement made out in analytical form, with orders for another day's trading and a duplicate copy of your full report as copied into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable, Ledger Balance</i> .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No. ...., .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable, Ledger Balance</i> .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....	.....	.....	Accuracy.....	3	.....	.....
Present inventory.....	.....	.....	Neatness.....	2	.....	.....
Cost of goods sold .....	.....	.....	Orderliness.....	2	.....	.....
Sales of merchandise.....	.....	.....	Records.....	2	.....	.....
Gain, red ink; Loss, black.....	.....	.....	Progress.....	1	.....	.....
Errors: Our fvr. red; cont. black.....	.....	.....	Average.....	.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

.....191.....

175. 1. Sell to T. & T. Co. all goods of Department E included in last closing and draw at sight in favor of your bank for the last preceding sale.

2. Make an entry in your journal debiting Treasury Stock and crediting Capital Stock for the 25% increase of stock made at this time, then

(a) Write up your Dividend Book for Stock Dividend No. 1 of 25%. If in any case this would make fractional shares (as it will do if a stockholder's shares are not multiples of four) you may assign him a number of shares in the dividend book, the nearest number larger or smaller than the exact value due him, making sure that the total assignment is not more than the treasury stock to be distributed and consulting him, if the assignment be larger than his 25%, to know that he is willing to pay cash for the excess.

(b) Take up your certificate book and issue certificates to each stockholder for the new shares assigned to him in the dividend book. In delivering these certificates, collect in cash for the difference from all who receive certificates for more shares than the amount of their 25% dividends, and pay in cash the difference to all who receive less stock than the exact amount of their dividends. Have each subscriber sign the dividend book when he receives payment, and from it make journal entry, debiting Stock Dividend No. 1 and crediting Treasury Stock separately for each individual transaction, balancing the entry for the amount of cash<sup>1</sup> paid or received in the stock settlement. In posting these credits to the Treasury Stock account, remember to use the name of the stockholder in the ledger account just as you have previously done in the entries to Subscriptions account. Post the record of certificates issued from the certificate stubs to the Stock Ledger account. If the fractions should be largely minor fractions so that the assignment of shares of stock does not entirely take up the full 25% increase, the above entry will leave the balance of unassigned stock as a debit to Treasury Stock and the amount of cash paid out in distributing the dividend will exactly equal the treasury stock remaining. This stock may be sold later.

3. If you have any treasury stock on hand, sell it at as high figures as possible and make entry debiting Cash, crediting Treasury Stock for the par value, and debiting or crediting Stock Commissions if there be a difference between the amount received and the par value of the stock.

4. A fire breaks out in your store and the loss not covered by insurance amounts to about 20% of your capital stock. Deliver to your teacher as destroyed and damaged goods a quantity which at cost price will equal 20% of your capital stock. You may take these goods from Department E, if you have sufficient of them, if not, take from the wholesale goods until you have made your loss aggregate the amount indicated. In making entry for this loss in your journal charge Loss and Gain and credit the different departments to which the goods belong, carefully itemizing the destroyed and damaged goods.

5. Fill customers' orders as far as you can with the goods remaining and enter in sales book.

6. Stockholders vote to meet the loss by fire by a 20% reduction of the capital stock. Make entry closing Undivided Profits into Surplus Fund (a new account), then call in all certificates and issue new, for 20% less than the former holding. As you issue each certificate, debit Capital Stock and credit Surplus Fund, using the name of the subscriber as an explanation. If fractional

1. Instead of issuing only full shares of stock to each stockholder as has been done in declaring this stock dividend, it is the custom with some companies declaring frequent stock dividends to keep a separate record in the stock ledger for the exact amount of stock dividend of each stockholder, issuing certificates only for the full shares represented, and allowing the fractional shares of stock held to be represented by a receipt until the declaring of another dividend increases the fractional amounts to a full share. This method has the advantage of giving every one exactly his proportion of stock and might be insisted on by stockholders who were unwilling to pay for additional fractional shares or to sell to the company at par the fractional shares to which they were entitled, as we have supposed them to do in the settlement made above.

stock results, handle it in the same manner as you did when declaring your stock dividend. Make the debit to Capital Stock in every case the exact 20% of reduction, and if owing to the fraction, the stockholder's new certificate is issued for less than the exact stock, the extra fractional share will be debited to Treasury Stock, Treasury Stock being credited in turn when a stockholder accepts a certificate for a larger number of shares. As you cannot issue stock in excess of the total reduced capital, you cannot let every one take extra stock to make his shares even, so it will be wisest to adopt the rule of buying into the Treasury all minimum fractions and selling the extra stock in minimum fractions to those entitled to maximum fractions. Observe that the increase of capital stock when stock dividend is issued is directly the reverse of the present transaction in which we reduce capital stock to meet a loss. When all certificates have been exchanged, the capital stock account may be balanced and the balance brought down and should then show just 80% of what it did before the fire, or exactly the same stock with which you originally incorporated.

7. Close all accounts showing loss and gain into loss and gain account, taking inventories as usual and proving your merchandise account. In making this proof remember that the goods lost by fire must be taken into consideration the same as sales to partners made at cost. See previous work for instructions.

8. When you have completed the closing of your books, prepare an analytical statement showing the exact condition of your business and submit all books to your teacher for approval accompanied by duplicate copy of the report below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance .....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book .....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency .....	.....	.....
<i>Bills Payable</i> , Ledger Balance .....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....	.....	.....	Accuracy.....	3	.....	.....
Present inventory.....	.....	.....	Neatness.....	2	.....	.....
Cost of goods sold .....	.....	.....	Orderliness.....	2	.....	.....
Sales of merchandise.....	.....	.....	Records.....	2	.....	.....
Gain, red ink; Loss, black.....	.....	.....	Progress.....	1	.....	.....
Errors: Our fvr. red; cont. black.....	.....	.....	Average.....	.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

**176. Original Work.** You have now followed your stock company through a sufficient variety of transactions to cover all cases likely to arise in any mercantile organization in which the stock is non-speculative. If you desire further practice you cannot do better than to duplicate the work given in sections 172 to 175, not limiting yourself to text-book instructions as to quantities, but conducting the business at will and proving carefully every transaction. Consult your teacher in regard to this step and unless instructed to the contrary, proceed to order merchandise, make sales, declare dividends out of your profits; and in such ways as seem convenient to you, to bring in all the stock transactions which you have just studied. This should thoroughly qualify you to handle any stock work that may come to you in any business position outside, in which you are likely to be placed. At the close of this original work, you will take inventories, prove all your transactions, close your books and make out an analytical form of balance sheet similar to the one just submitted to your teacher, submitting your books for approval with duplicate of your full report carefully filled out as in former closings.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.  
 Hours worked since last report....., Absent.....Total..... No. of Letters written.....  
 No. of Invoices bo't of wholesale houses.....Of students....., Total.....  
 No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....  
 No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....  
 No. of Entries Made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....			Ledger Balance.....		
Total uncollected in bill book.....			In bank, Stb. No.____, .....		
Total value of notes in the safe.....			In safe, Currency.....		
<i>Bills Payable</i> , Ledger Balance.....			In safe, Checks, .....		
Total unpaid in bill book.....			Total Cash on hand.....		

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....			Accuracy.....	3		
Present inventory.....			Neatness.....	2		
Cost of goods sold.....			Orderliness.....	2		
Sales of merchandise.....			Records.....	2		
Gain, red ink; Loss, black.....			Progress.....	1		
Errors: Ourfvr. red; cont. black.....			Average.....			

Respectfully submitted,

TEACHER'S



STAMP

.....191....

**177. Dissolution.** Omitting all legal requirements you may prepare for the dissolution of your company by collecting in cash all assets and paying in cash all liabilities shown in the statement submitted to your teacher. In settling with the Townsite and Trading Company use the Equitable Settlement Blank supplied in your outfit, working it out as illustrated in the form following. If you hold any property (such as real estate, store and office fixtures, or chattels) that is sold at a loss, or if you have merchandise on hand which will sell either at profit or loss, it will be necessary when these sales are made to make another closing of your books. Before doing this, however, pay all expense bills, detaching from your prepared blanks all remaining numbers, and

when you have completed your closing, submit to your teacher a statement showing the present worth of the company, the assets of which should now be only cash, the amount that the stock is above or below par being represented in the Surplus Fund account; when this is approved, proceed to pay stockholders in cash, drawing the company's check in favor of each stockholder for the par value of his certificate plus the per cent. of premium which the stock bears, or less the per cent. of discount. As you deliver each check take up the certificate, having the student sign his name in the transfer blank on the back or endorse on the face **Surrendered to the Company**, with the date and his signature. Then make the entry debiting Capital Stock for the par value of the certificate, crediting Cash for the amount of cash paid and debiting or crediting Surplus Fund for the difference according to whether your stock at dissolution is at a premium or discount. Make these entries separately in your journal<sup>1</sup> and post the cash item of each entry to the cash book.

### EQUITABLE SETTLEMENT BLANK

*Mr. Glen W. Gordon,*

IN ACCOUNT WITH

### THE TOWNSITE & TRADING CO.

INTEREST RATE 6 %

Date of Settlement Jan. 30,

190

DATE OF ITEM	TERM OF CREDIT	DUR DATE	AMOUNT	INTEREST PERIOD	INTEREST	DISCOUNT	DATE OF DRAFT	TIME TO RUN	DUR DATE	AMOUNT	INTEREST PERIOD	INTEREST	DISCOUNT
<i>Jan. 4</i>	<i>4 mo.</i>	<i>May 4</i>	<i>117421</i>	<i>26 ds</i>		<i>509</i>	<i>Jan. 6</i>	<i>30 ds</i>	<i>Feb. 5</i>	<i>1000-</i>	<i>6 ds</i>		<i>1-</i>
<i>6 "</i>	<i>"</i>	<i>6</i>	<i>123542</i>	<i>24 "</i>		<i>494</i>	<i>10 30 "</i>	<i>9</i>	<i>1000-</i>	<i>10 "</i>			<i>167</i>
<i>10 "</i>	<i>"</i>	<i>10</i>	<i>107983</i>	<i>20 "</i>		<i>359</i>	<i>15 30 "</i>	<i>14</i>	<i>1000-</i>	<i>15 "</i>			<i>250</i>
<i>15 "</i>	<i>"</i>	<i>15</i>	<i>210532</i>	<i>15 "</i>		<i>526</i>	<i>22 1/2 "</i>	<i>22</i>	<i>2500-</i>	<i>8 "</i>	<i>333</i>		
<i>22 "</i>	<i>"</i>	<i>22</i>	<i>250875</i>	<i>8 "</i>		<i>334</i>	<i>28 30 ds</i>	<i>27</i>	<i>1500-</i>	<i>28 "</i>			<i>700</i>
<i>28 "</i>	<i>"</i>	<i>28</i>	<i>179540</i>	<i>2 "</i>		<i>60</i>			<i>7000-</i>		<i>333</i>	<i>1217</i>	
			<i>989893</i>			<i>2282</i>							<i>333</i>
	<i>Product Credits</i>		<i>7000-</i>			<i>884</i>							<i>884</i>
			<i>289893</i>			<i>1398</i>							
	<i>Product net Discount</i>		<i>1998</i>										
	<i>Due</i>		<i>288495</i>										

When all certificates have been called in and paid for as instructed above, your Capital Stock, Cash and Surplus Fund accounts in your general ledger should all be in balance, and when you have posted the cancellation of certificates to your stock ledger, the stock ledger accounts should also balance.

Lastly, take your cancelled certificates from the envelope file in which you have held them and paste each one carefully to the stub from which it was taken in the certificate book. Carefully erase all disfiguring marks of any kind in your books and submit the books to your teacher for final approval, filling out the blanks following and handing him with your books a check for the balance of your cash account.

1. The student will observe that these entries might be made in the cash book as in the sale of treasury stock in 172, 3. The journal form of entry is suggested here as giving a clearer understanding of the transaction, and when the student has mastered this theoretical knowledge he will easily be able to devise for himself the most convenient and practical methods of entry.

## FINAL STATEMENT.

I, ....., entered the ..... College on ....., 19...., beginning with a cash capital of \$5,000. At the end of a term of ..... months and ..... days I have completed the course and herewith return my present capital amounting to \$..... I submit also for final examination and approval the books I have kept during my course, with my check book, bank pass book statements and other papers of record.

Respectfully submitted,

Dated at.....

.....

.....19....

The student who desires to pursue the study of stock company bookkeeping farther, taking up the consolidation of companies and the handling of assessments and other problems incident to speculative stocks, is referred to Campbell's Advanced Accounting, now in preparation to follow this text. While business colleges are doing the best that possibly can be done to equip students in from three to six months with knowledge sufficient to enable them to earn a living in the commercial world, no student should ever imagine that in any six months' course he can possibly learn enough to enable him on going into business to compete with accountants of greater experience or to handle unaided any situation that may arise in business. Less than a year's work cannot be sufficient and two years' work, and hard work, has been done under the author's supervision by some of the young men who made the records referred to in the testimonials concerning this course of study. Every young man, whose brain will stand the cultivation and is worth the expense, should, if he can possibly afford it, prolong his business college course through from twelve to twenty-four months, at the end of which time he should have no difficulty in doing anything that any accountant can do even though that accountant may have had much longer experience in business than the student has had in school.

## OFFICE PRACTICE

## THE WHOLESALE OFFICE

**178. 1.** This office may be organized as a corporation in which the students of the school hold the stock or it may be capitalized by the teacher, but it should have sufficient capital to enable it to guarantee collections and settle with each of the consigning houses periodically, carrying the uncollected accounts of customers until maturity. The rate of commission charged for selling should be between 2% and 5%, according to the risk involved in guaranteeing sales. Perhaps 3% will be a good rate in most schools, 2% going to the manager for his services and 1% being carried into Surplus Fund to provide for losses. This is, however, a matter to be adjusted to suit each individual school.

**2. The Name** given to the office in this text is the College Commercial Company.

The books used follow in principle the books of Outlines IV and V, but with some modifications.

**3. The Business** is that of a **General Selling Agency** for a number of manufacturing and importing companies. The student's remuneration is a commission on sales, at a rate fixed by the teacher according to the amount of business transacted. It is computed and charged to the respective companies when account sales are rendered and remittances made as shown in Cash Journal under date of Sept. 15.

**4. The Journal and Cash Book** of Outline IV are combined in one book similar in rulings and use to the Cash Book of Outline IV, except that the Merchandise Discounts column on the



(a)

DATE	L F	NAME OF ACCOUNT CREDITED	Order No.	CUSTOMERS LEDGER								CASH RECEIVED	GENERAL LEDGER
				MERCHANDISE DISCOUNTS DISTRIBUTED TO CONSIGNEES									
				W. H. Co.	Am. Bk. Co.	H. B. Fruit Co.	H. Prod. Co.	F. M. Stone & Co.	Van Camp Co.	Spurr Ld. Co.			
May	1	Bal. brot. fwd.											25889 80
	1	Ray Bell	1280			55 86						3456 80	
	1	" "	1282		30 -							4658 01	
	1	" "	1287				252					12365	
	1	E. D. Burns	1289	21 18								6848 7	
	1	" "	1290							31 62	1022 26		
	1	" "	1291						20 17		652 13		
	1	H. M. Grebe	1293					20 14			6894 0		
	1	" "	1298							16 31	527 28		
	1	J. S. Fairwater	1304			754					3719 4		
	1	M. M. Carson	1307								3893 7		
	1	" "	1311		458						148 11		
	1	M. Q. Munnich	1314	790							785 -		
	1	" "	1316				675				670 -		
	1	" "	1317					34 60			3460 75		
	1	M. Q. Bouness	1320						58 -		5806 -		
	15	Accts. Rec. Gen. Ledger	2908	3458	6340	927	5474	7817	4793	2344357	23762 74		
	21	Commission									881 83		
											5053437		
May	2	Balance									648938		

debit side of the book is divided into seven sub-columns, one for each company to which these discounts are to be charged, and that on the credit side are added one column for commissions, and one for the bank account which is in this practice very conveniently kept in the Cash Journal. The Journal feature of this book consists in entering therein the very few entries that are not cash and are not otherwise provided for in the books of this office by entering the credit on the debit side and the debit on the credit side of this **Cash Journal**, as the book is termed. See form above.

5. All goods being received "On Sale," a combined **Receiving Book and Stock Book** takes the place of the Invoice Book. In this book are entered all goods received from the consignor

COLLEGE COMMERCIAL CO. — Receiving Record, Stock Book and Account Sales Sheet. <i>The Quaker Oats Co.</i>									
NAME OF GOODS HANDLED.....		Quaker Patent Flour		Quaker Wheat Flour		Quaker Ripped Wheat		Quaker Rolled Oats	
A. M. Morse, Mgr.		ITEMS	TOTALS	ITEMS	TOTALS	ITEMS	TOTALS	ITEMS	TOTALS
Inventory brought forward	Apr. 1, 19	376 1/2		243 1/2		345 1/2		384 1/2	
Received	" 15, 19	510 "	876 1/2	750 "	993 1/2	1250 "	1595 1/2	500 "	884 1/2
	19								
Returned Unsable		6 "		18 "		15 "		14 "	
Inventory	May 1, 19	716 "	722	753 "	771 "	1195 "	1210 "	734 "	748 "
Sales	Apr. 1, 19 to " 1, 19		134		222 "		383 "		736 "
List prices			550		350		3 -		285
Gross Sales			847 -		777 -		1153 -		38760
Trade Discount 1 1/2 %			105 86		97 12		144 38		4845
Net Sales (Add Horizontally)			741 14		679 88		1010 62		33915
Commission @ 2 %									
Cash Disct. Allowed Buyers									
Remittance by check									
Inventory brought down	May 1, 19	716 1/2		753 1/2		1195 1/2		734 1/2	

To the Above Company—  
The columns below are a duplicate of your personal account on our books. The sales total is posted from our sales book footings and verified by the record of returned goods and inventories. The cash discounts are taken from our C.B. record of discounts allowed on sales of your goods. The Commission is computed on the verified sales, and the discounts, commissions and cash remittances are taken from this Record to our Cash Book credit. All of these records are at any time open to your inspection.

PERSONAL LEDGER COLUMNS		
Charges	Sales	Ref.
	2770 79	\$180
5542		82178
2908		" 175
268629		" 175
2770 79	2770 79	

DATE	P	NAME OF ACCOUNT CHARGED	CH. NO.	CREDITORS' LEDGER			BANK ACCT	GENERAL LEDGER
				COMMISSIONS	HOUSE DISCTS	CASH PAID		
191-								
May	1	Bank Balance					2588980	
	1	The Quaker Oats Co	124	5542	2908	268629		
	1	American Biscuit Co	125	3542	3458	170122		
	1	River Dale Fruit Co	126	17130	6340	833050		
	1	Warner Produce Co	127	4349	927	212674		
	1	F. W. Stone & Co	128	16964	5474	825782		
	1	Van Camp Packing Co	129	16772	7817	808796		
	1	Spurr Coffee Co	130	23834	4793	1165516		
	1	Deposited in Bank					2344557	
		Bank Total					4933537	
		Accts Payable		88183	31717	4284599		4404499
		Deduct Total Checks					4284599	
		Bal. of cash in Bank					648938	648938
								5053437
		Bank Balance					648938	

and at each statement period an inventory of goods in stock is entered beneath the total receipts, and the difference between the former inventory and the receipts on the one hand, and the new inventory and returned goods on the other, is made to agree with the total sales for each company respectively, as shown by the Sales Book. When they do not agree, the student will take one of his specially ruled broad proof sheets and will arrange four separate columns for each separate kind of goods, one for the quantity of goods sold, one for rejected goods, one for the trade discount allowed and one for the value of the goods at list price, distributing the sales to these different columns as in the double page form in 179. The totals of these several columns will enable you to prove the quantities of your inventory, and to locate any error in computations, by comparison with the Receiving Stock Book, whether that error be in extensions or in discounts.<sup>1</sup>

6. The Sales Book is loose-leaf, arranged with a separate sales column for each house represented by the Agency and planned to be used with a wide carriage billing and entering typewriter, the rulings having been carefully made to conform to standard machines, and at the same time be suited for making entries with a pen, if the student be not qualified to use the typewriter. The illustrative sales book page shown in 181 (b), furnished from the regular work of the Commercial Department of Tarkio College, through the courtesy of Prof. E. V. McCollough, was prepared for the use of this text on a Condensed Billing and Entering Typewriter, carrying a loose-leaf sales sheet fourteen inches wide. An illustration showing the machine with such work inserted is presented in 181 (a).

1. The student who carefully compares the account sales with the proof of sales of the Quaker Oats Co. in 179, will observe a slight difference in the discounts owing to the giving or taking of the half cent. In the work above, these differences balance each other or are easily adjusted. Where they will not adjust themselves in any way, it indicates some degree of error which the student should correct and then avoid in his future work.

179.

Net Invoice	QUAKER PATENT FLOUR				QUAKER WHOLE WHEAT FLOUR			
	Sold	Rejctd	Disc't	List Amt.	Sold	Rejctd.	Disc't	List Amt.
179 64	10brls		6 87	55 00	15cases		6 56	52 50
175 00	8 "	2brls	5 50	44 00	15 "		6 56	52 50
175 44	10 "		6 87	55 00	12 "	3cases	5 25	42 00
171 50	10 "		6 88	55 00	15 "		6 56	52 50
179 64	10 "		6 87	55 00	15 "		6 56	52 50
175 00	8 "	2brls	5 50	44 00	15 "		6 56	52 50
175 44	10 "		6 87	55 00	12 "	3cases	5 25	42 00
171 50	10 "		6 88	55 00	15 "		6 56	52 50
179 64	10 "		6 87	55 00	15 "		6 56	52 50
175 00	8 "	2brls	5 50	44 00	15 "		6 56	52 50
175 44	10 "		6 87	55 00	12 "	3cases	5 25	42 00
171 50	10 "		6 88	55 00	15 "		6 56	52 50
159 69	10 "		6 87	55 00	15 "		6 56	52 50
165 46	10 "		6 87	55 00	12 "	3cases	5 25	42 00
165 46	10 "		6 87	55 00	12 "	3 "	5 25	42 00
175 44	10 "		6 87	55 00	12 "	3 "	5 25	42 00
2770 79	154brls	6brls	105 84	847 00	222cases	18cases	97 10	777 00

180. In the routine work of the office, the student should need but little special instruction, especially if he has completed acceptably all the work of the course, and no student should be detailed to the work of the office until he has completed the course at least through Outline IV. Any one placed in this office with less preparation will need the special instruction of the teacher and will even then be learning chiefly by rote, and will lose much of the very excellent drill in original accounting that this office affords. Study the following instructions, including the Report and footnotes, very carefully before beginning the work of the office.

1. No order is ever to be filled for any student for the full quantity of goods represented by the tickets attached to the invoices.

2. The tickets not included in the student's order are to be placed in an envelope bearing the name of the firm from which they were received that they may be deducted from the inventory and returned as damaged goods at the next settlement.

3. No order is ever to be filled for any student unless it is stamped. **Vised**, by the teacher.

4. On entering the office the student should check up inventories, cash, notes, etc., and see that everything is correct.

5. While in the office he should keep all orders, notes and other papers properly filed and the office at all times in perfect order. "Have a place for everything and everything in its place."

6. (a) The first student to act as manager, on the opening of this office in any schoolroom will, on entering the office, supply the office at his own expense with a pad of invoices for each house represented in the Agency and will renew any stock that becomes exhausted, although no student should ever need to remain in the office long enough to exhaust any pad of invoices.

(b) Immediately upon receiving his stock of invoices (to which tickets representing the goods are attached) he will make entry on a separate sheet of the Receiving-Stock book for the goods received from each company as shown in the form.

(c) Upon the transfer of the office to a successor, the incoming student will check up all inventories as instructed in 4, and will pay the outgoing student for the stock of invoices remaining, the value of each pad being estimated proportionately to the first cost of the invoices by counting the remaining sheets.

7. If an error be made in making out an invoice for any customer, the invoice must not be sent out with any erasures or blots of any kind, but a new invoice must be made out and the merchandise tickets of the spoiled invoices placed in the Rejected Goods envelope of the company to which they belong to be returned at settlement. **All office work must be perfect.**

QUAKER PUFFED WHEAT				QUAKER ROLLED OATS			
Sold	Rejctd.	Disc't	List Amt.	Sold	Rejctd.	Disc't	List Amt.
25cases		9 38	75 00	8cases	2cases	2 85	22 80
25 "		9 38	75 00	10 "		3 56	28 50
25 "		9 38	75 00	10 "		3 56	28 50
20 "	5cases	7 50	60 00	10 "		3 56	28 50
25 "		9 38	75 00	8 "	2cases	2 85	22 80
25 "		9 38	75 00	10 "		3 56	28 50
25 "		9 38	75 00	10 "		3 56	28 50
20 "	5cases	7 50	60 00	10 "		3 56	28 50
25 "		9 38	75 00	8 "	2cases	2 85	22 80
25 "		9 38	75 00	10 "		3 56	28 50
25 "		9 38	75 00	10 "		3 56	28 50
20 "	5cases	7 50	60 00	10 "		3 56	28 50
25 "		9 38	75 00				
25 "		9 38	75 00	6 "	4cases	2 14	17 10
25 "		9 38	75 00	6 "	4 "	2 14	17 10
25 "		9 38	75 00	10 "		3 56	28 50
385cases	15cases	144 44	1155 00	136cases	14cases	48 43	387 60

8. The student will observe that freight expense bills are attached to invoices, following the merchandise tickets. If the college maintains a freight office, these freight bills with the goods attached as per order<sup>1</sup> will be delivered by the wholesale office to the freight office, the wholesale manager making out the regular triplicate bills of lading as required by the school and delivering the merchandise invoices only to the customer. The freight office will then fill out the expense bill attached to the merchandise tickets and will deliver the goods, collecting the freight. But if there be no freight office, then the manager of the wholesale office will fill out the freight bill attached to each invoice and will deliver invoice, goods and freight bill to his customer at the same time. As the customer pays the freight at the teacher's desk or to some other office, the wholesale house will make no entry whatever for the freight; he makes out the expense bill merely as accommodation<sup>2</sup> work.

9. (a) The work of the "Daily Closing" should be performed daily in this office, that is, the cash balance and trial balance should be taken and the bank deposit made.

(b) At the end of each week of the student's office practice a settlement should be made for the company, verifying the footings posted from the sales book by the sales shown in the Receiving Stock book.

(c) On the student's leaving the office, he should make a complete closing of the books and submit to the teacher a copy of his statement in the analytical form, the original being left on record in the books of the office, and should fill out for the teacher's approval and acceptance the following report, preparing a duplicate form on typewriter.

**Report on Closing the Wholesale Office:** I take bookkeeping ..... hours a day. Entered the Wholesale Office ..... 19.....

Have received and filled orders as follows:

The Quaker Oats Company,..... No. ...., \$. ....

The American Biscuit Company,.... No. ...., \$. ....

The Riverdale Fruit Company,.... No. ...., \$. ....

1. The student managing the wholesale office will remember to detach tickets not ordered by the customer and place them in the Rejected Goods envelope.

2. By accommodation work we mean work done by a student for the accommodation of the room, rather than for the special advantage of the one doing it. In many tablet courses a great deal of the office work is of this nature. This is, however, the only instance where this author has thought it necessary to ask any student to perform a work not properly belonging in some manner to his office. In this case, the work is less than would be required to properly bill out the goods through a freight office, and the making out of the expense bill is the same practice that the student would have in a freight office.

The Harmer Produce Company,....	No. ...., \$.....
F. W. Stone & Company,.....	No. ...., \$.....
The Van Camp Packing Company, ..	No. ...., \$.....
The H. W. Spurr Coffee Company, ..	No. ...., \$.....
Total.....	No. ...., \$.....

I have on hand to turn over to my successor the goods of the various companies as follows:

The Quaker Oats Company:

Quaker Patent Flour,.....—brls.	Quaker Whole Wheat Flour,.....—cases.
Quaker Rolled Oats,.....—cases.	Quaker Puffed Wheat,.....—cases.

The American Biscuit Company:

A. B. C. Soda Crackers,.....—bxs.	A. B. C. Oyster Crackers,.....—bxs.
Nobetter Biscuits, .....—cartons.	Ambis Sugar Wafers,.....—cartons.

The River Dale Fruit Company:

Fancy Apricots, .....—bxs.	Choice Apricots, .....—bxs.
Santa Clara Prunes,.....—sks.	Fancy Evap. Pears,.....—bxs.
Muir Peaches, .....—bxs.	

The Harmer Produce Company:

Michigan Apples, .....—brls.	Cal. Lemons, .....—bxs.
Cal. Navel Oranges,.....—bxs.	Crushed Barley, .....—sks.
Choice Potatoes, .....—sks.	

F. W. Stone & Company:

Japan Tea, .....—chsts.	Oolong Tea, .....—chsts.
English Breakfast, .....—chsts.	Ceylon Tea, .....—cases.

The Van Camp Packing Company:

No. 2 Pork and Beans, T. S.....—cases.	Vegetable Soup, .....—cases.
No. 10 Bordeaux Catsup,.....—cases.	No. 3 Extra Tomatoes,.....—cases.
Family Size Milk,.....—cases.	

The H. W. Spurr Coffee Company:

Continental Coffee, .....—bxs.	Lexington Coffee, .....—bxs.
Concord Coffee, .....—bxs.	Revere Coffee, .....—bxs.

The books of the College Commercial Co. show:

Cash on hand.....	\$.....
Personal accounts outstanding less than 60 (6) days.....	\$.....
Personal accounts outstanding over 60 days, counted good <sup>1</sup> .....	\$.....
Personal accounts outstanding uncollectible per list <sup>2</sup> .....	\$.....
Notes on hand not yet matured.....	\$.....
Notes on hand over due but considered good <sup>1</sup> .....	\$.....
Notes on hand considered worthless, per list <sup>2</sup> .....	\$.....

Balances in favor of Creditor Companies, unpaid:

The Quaker Oats Co.,.....\$.....	The American Biscuit Co.,.....\$.....
The River Dale Fruit Co.,.....\$.....	The Harmer Produce Co.,.....\$.....
F. W. Stone & Co.,.....\$.....	The Van Camp Packing Co.,.....\$.....
The H. W. Spurr Coffee Co.,...\$.....	

Value of invoice pads to be paid to me by my successor \$.....

All of which is properly recorded in the books of the College Commercial Company, subject to inspection.

Respectfully submitted,

Retiring Manager.

.....191.....

Accuracy .....	3	—	—
Neatness .....	2	—	—
Orderliness .....	2	—	—
Records .....	2	—	—
Progress .....	1	—	—
Average .....			

Teacher's



Stamp.

375  
Jno. McCarty & Co., New York.  
Shorthand Typewriter  
Model 1000  
4-2210 F  
\$10  
Nov. 1st, 1905  
102 50  
10 00  
13 50  
1 50  
9 50  
137 50

376  
American Novelty Co., New York.  
10 days  
Underwood Typewriter  
Shorthand Typewriter  
Model 1000  
Nov. 1st, 1905.  
New York.  
5-6895  
\$ 6  
400  
750  
102 50  
10 00  
13 50  
1 50  
9 50  
137 50

377  
Standard 017 Co., New York.  
Nov. 1st, 1905.  
New York.  
Underwood Typewriter  
Shorthand Typewriter  
Model 1000  
Nov. 1st, 1905.  
New York.  
5-6895  
\$ 6  
400  
750  
102 50  
10 00  
13 50  
1 50  
9 50  
137 50

378  
McClure & Sons, New York.  
Nov. 1st, 1905.  
New York.  
Underwood Typewriter  
Shorthand Typewriter  
Model 1000  
Nov. 1st, 1905.  
New York.  
5-6895  
\$ 6  
400  
750  
102 50  
10 00  
13 50  
1 50  
9 50  
137 50

Underwood Typewriter Co.  
211 Broadway  
New York  
Nov. 1st, 1905.

Underwood  
STANDARD  
TYPEWRITER  
No. 3

UNDERWOOD  
No. 3  
UNDERWOOD STANDARD TYPEWRITER  
No. 3

The advantage of passing uncollectible accounts through Lost Accounts and Notes is in having a permanent record of them and of the disposition made of them, in case the firm should be able to collect any of them later. Observe that you are to submit to your teacher with your books at this time a list of accounts considered uncollectible and a similar list of uncollectible notes. Each list should show the name of the delinquent customer, the date of the account and why it is considered uncollectible.



(b)

## LOOSE-LEAF SALES SHEET

L.F.	QUAN TITY	PURCHASER'S NAME AND ADDRESS WITH SALES NUMBER, DATE, TERM AND ITEM OF SALE	PRICE	EXTENSION	THE QUAKER OATS CO.	AMERICAN BISCUIT CO.	RIVER DALE FRUIT CO.	HARNEY PROD. CO.	F. W. STONE & CO.	THE VAN CAMP PACKING CO.	H. W. SPURR COFFEE CO.
		Footings Brought Forward			2429 89	1260 56	4200 00	3805 13	4033 80		6323 22
B-4		#1331 B. F. Burg. Mar. 17 1911 60 ds. 3/10, 2/20, 1/30									
20		bxs. A. B. C. Soda Crackers	1 26	25 20							
16		" A. B. C. Oysters	1 26	20 16							
30		orts. Nobetter Biscuit	50	15 00							
50		" Ambis Sugar Wafers	1 25	62 50							
		Less 12 1/2%		122 86							
				15 36		107 50					
J-4		#1332 H. C. Johnson. Mar. 18 1911 30 ds. 2/10 Cash									
25		25# bxs. Fancy Apricots. 625#	25	156 25							
10		50# " Choice " 500#	22	110 00							
10		100# aks. S. C. Prunes 1000#	06 1/2	62 50							
16		25# bxs. Evap. Pears 400#	11 1/2	45 00							
12		50# " Muir Peaches 600#	08	48 00							
		Less 12 1/2%		421 75			369 03				
				52 72							
C-1		#1333 M. M. Carson. Mar. 18 1911 90 ds. 3/10 Cash									
30		brls. Mich. Apples	3 10	93 00							
16		bxs. Cal. Lemons	6 50	104 00							
25		bxs. Cal. Naval Oranges	5 25	131 25							
160		aks. Crushed Barley	80	128 00							
30		" Choice Potatoes, 60 bu.	45	27 00							
		Less 12 1/2%		483 25				422 84			
				60 41							
M-1		#1334 M. R. Miller. Mar. 19 1911 60 ds. 3/10, 2/20, 1/30.									
10		brls. Quaker Patent Flour	5 50	55 00							
12		cases " Whole Wheat Flour	3 50	42 00							
25		" " Puffed Wheat	3 00	75 00							
6		" " Rolled Oats	2 85	17 10							
		Less 12 1/2%		189 10							
				23 64	169 46						
B-1		#1335 L. E. Brown. Mar. 23 1911 90 ds. 3/10 Cash									
9		blf. ohts. Japan Tea 450#	33	150 00							
6		" " Oolong " 300#	49	147 00							
9		" " Eng. Break. Tea 540#	62 1/2	337 00							
6		Chests Ceylon " 300#	37 1/2	112 50							
		Less 10%		747 00							
				74 70					672 30		
K-1		#1336 J. H. Kemper. Mar. 30 1911 60 ds. 3/10 Cash 1/10 note 30d									
6		bgs. O.C. Java Coffee 798#	27 1/2	219 45							
9		" Arabian Mocha, 1198#	24 1/2	290 52							
15		" Golden Rio 1996#	21 1/2	434 13							
15		bxs. Revere Blend 750#	30 2/3	226 87							
		Less 10%		1170 97							
				117 10							1053 87
B-10		#1337 C. D. Burns. Mar. 30 1911 60 ds. 3/10, 2/20, 1/30									
10		brls. Quaker Patent Flour	5 50	55 00							
12		cases " Whole Wheat Flour	3 50	42 00							
25		" " Puffed Wheat	3 00	75 00							
10		" " Rolled Oats	2 85	28 50							
		Less 12 1/2%		200 50							
				25 06	175 44						
		Footings carried forward			2770 79	1368 06	4569 83	4227 97	4706 10		7377 09



## THE ASSOCIATED OFFICES

182. 1. This association of offices, spoken of elsewhere in the text as the General Offices, and best known to the student through one of its most prominent members, the Townsite and Trading Company, is the official headquarters of all fictitious persons and for all offices and firms for which no other offices are provided in the schoolroom. It may be organized as a corporation with student stockholders, but as its business is to stand all losses in order that the students and the C. C. Co. and other selling agencies may make a profit, its stock would never be marketable at par; and while stock selling below par might be a desirable feature in the work of some schools, it is suggested that the teacher capitalize this office as sole proprietor, ranking as president and appointing the manager and secretary. The capital of this association of offices should be large enough to enable the College Investment Company, a member of the Association, to furnish \$5,000 investment for each beginning student and to allow and carry profits of at least half that amount for each student, for from six to eight months, or until his investment is returned with its accumulated profits at the end of his course. A capital of \$500,000 is about the right amount for the average school.

2. The chief business of these offices is perhaps that of the T. & T. Co. in furnishing a market for the student's Department E goods. Other business besides the investment work of the College Investment Company, which has been mentioned, is collecting rents through the College Real Estate and Collection Company; selling city lots for the Townsite and Trading Company; collecting for the sales made by the College Center Office Supply Company; collecting freight charges for the C. C. R. R. and cartage charges for the College Transfer Co.; transacting the business of the U. R. Teacher & Company; receiving the goods and accepting the drafts drawn against them, in all sales made by students to fictitious persons, as in Outline V; receiving and making entry for the account sales rendered by the C. C. Co. to the seven wholesaling companies and such other business of a similar nature as the teacher may find it desirable to assign to these offices. The plan of the work of the associated offices may be made as simple or as intricate as the school management may desire.

(a) All students may be allowed during their entire course to sell Department E goods to these offices at the list prices on four months' time (see 91, 8) and to draw drafts on their respective accounts at will, making an equated settlement at the close of each Outline, as at the close of Outline VII. This plan, however, makes heavy work for the office and is only to be commended when heavy advanced work is needed for postgraduate or second year students.

(b) The better plan for the average school is that prescribed in the text by which all work is put on a cash basis and easily handled in a cash book and ledger. See journal form following. We have, however, provided a special book for the business of this office, which, since it contains a separate column or columns for each general ledger account, will enable the accountant to dispense with the general ledger entirely, posting only the personal accounts and closing his books on the face of the Ledger-Journal as shown in the form on the pages following.

This special form, which is properly called a Ledger-Journal, follows the modern idea of special books, in that it has been specially devised for and adapted to the needs of the office in which it is to be used. The student will observe that footings are carried forward as in a six-column journal, or that by cutting the pages short at the top and bottom alternately, footings of one page may be "dropped" onto the next and thus carried forward without rewriting them. He will also notice that when the books are to be closed, the Accounts Payable column is the only one that contains any items to be posted, unless the plan of schoolroom work requires more general ledger accounts than are planned for in this work, in which case it will be necessary to use the Surplus Fund columns for Sundries of General Ledger columns and to open a general ledger to which the footings of all the columns should be posted. In that case it will be proper to keep the Capital Stock account in the general ledger altogether, it being brought into this Ledger-Jour-

## CAMPBELL'S ACTUAL ACCOUNTING

CAPITAL STOCK CR	BILLS RECEIVABLE		CASH		ACCTS. PAYABLE		L F	ENTRIES AND EXPLANATIONS	
500000 -	8250 -		91132.23			50502.9			Balances brot forward
			26862.9						Cash-Mdse. Acct. Sales, D. O. Co.
			1701.22						" " " " A. D. Co.
			8330.50						" " " " R. D. F. Co.
			2126.74						" " " " N. F. Co.
			8257.82						" " " " F. W. L. Co.
			8087.96						" " " " V. C. F. Co.
			11653.46						" " " " S. B. Co.
				5000 -					Invest. Cash. Earl Jorgensen
				5000 -					" " " " N. E. Johnson
			7582.90						Cash-Invest. S. L. Howell, retind.
			8893.50						" " " " J. P. Henry, "
				1925 -					Mdse. Cash. Voucher 192
				2582.50					" " " " 193
						3277.80			" " " " D. VanLundy, Inv. 147
						1878.52			" " " " R. N. Kerr, " 148
				14987 -	50502.9				D. L. McElroy-Cash. Acct. Ins. Div.
	800 -	1050 -	1100 -						Cash-B. Rec., Col. L. E. Brown, notes
				150 -					B. Rec.-R. Estate, L. J. S. D. O. Porter
			4250						Cash-Rent. Collected, J. P. Roberts
									" - Transp. Exp. W. E. Matherson
500000 -	9050 -	1050 -	151747.12	14492.50	50502.9	10263.55			
		8000 -		13225.46	5153.32				Inventories & Balances
									Losses & Gains:
									Merchandise
									Investment
									Real Estate
									Rent
									Transportation
									Discounts
									Interest
	9050 -	9050 -	151747.12	151747.12	10263.55	10263.55			Surplus Fund Balance
500000 -	8000 -		13225.46			5153.32			Balances.

Inventories & Balances  
 Losses & Gains:  
 Merchandise  
 Investment  
 Real Estate  
 Rent  
 Transportation  
 Discounts  
 Interest  
 Surplus Fund Balance  
 Balances.

nal only for the sake of having all the general ledger accounts in the journal columns and dispensing with the general ledger altogether. The Capital Stock column might then be used for Expense<sup>1</sup>, Dr., or for any one-sided account.

Using this book as it is planned, the figures in the Accounts Payable column are to be posted to the creditors' ledger and the balance of that ledger made to agree with the balance of this pair of columns when closed.

For the other columns, observe that with the exception of accounts that ordinarily have only one side the columns are paired, a debit and a credit column being side by side regardless of the

1. Expense is the title of a column in almost every specially ruled book in business if the book records the expenditure of cash. Were it considered necessary to instruct the student in so simple a matter a "routine" might be easily planned for this or any other office involving the payment of a number of Expense Bills. Any student who is capable of becoming an accountant can make this modification for himself if his needs require it.

DATE	SURPLUS FUND	INT CR	DISC T CR	RENT CR	TRANSP CR	REAL ESTATE	INVESTMENT	MERCHANDISE
1914 May 1						96500 -	250000 -	5888 -
/								268629
/								170122
/								833050
/								212674
/								825782
/								808796
/								1165346
2							5000 -	
2							5000 -	
3								758290
4								889350
9								1923 -
9								258250
13								327780
13								187152
14			6323					
25		50 -						
25						800 -		
29					150 -			
29				4250				
		50 -	6323	4250	150 -	96800 -	800 -	260000 -
						96200		1647640
	96582						250000 -	6852682
								1602201
	647640						647640	965842
	200 -					200 -		
	150 -				150 -			
	4250			4250				
	6323		6323					
	50 -	50 -						
	267669							
	5096582					97000 -	97000	26647640
	267669					96200	250000	26647682
								6852682
								1602201

side of the journal on which they are located, and that the single columns are marked *Dr.* or *Cr.*

Observe further that all accounts in which gains or losses are expected are arranged for convenience on the right hand page and that the order in closing books is as follows:

(a) Post all personal items from the Accounts Payable columns to the creditors' ledger and prove the work.

(b) Prove Cash and Bills Receivable as in any other work, the journal column being your ledger account in each case.

(c) Add all the columns and take a trial balance of the footings.

(d) Enter inventories and balances as illustrated in the form. These inventories are usually found as in other work, but a few special suggestions will be in place.

The inventory of Real Estate may be found from a map on which the cost value of each piece

of property may be marked, or it may be estimated by adding to the difference between the sides of the account one-fourth of the total sales, which represents the profit.<sup>1</sup>

The inventory of investment is the total amount of investments outstanding among the students at the original amount of each.

The inventory of Merchandise is the total of the amounts of goods on hand in the College Commercial Company as shown by their latest Account Sales computed at list prices less 12½%.

(e) Observe that double columns are closed as any double entry ledger columns, and that the single columns are closed by subtracting the balance entry in red ink from the proof footing, leaving nothing in the lower footing of the page.

(f) Observe that these losses and gains are carried directly into the Surplus Fund column, which is then balanced and its balance brought down with other balances below the closing lines.

(g) Take a trial balance of these balances brought down to prove your work and make out for submission to your teacher a statement on journal paper in analytical form, submitting with it a duplicate of your full report neatly copied into the form below.

### REPORT

*Report of School Duties:* I take bookkeeping.....Hours a day.

Hours worked since last report....., Absent.....Total..... No. of Letters written.....

No. of Invoices bo't of wholesale houses.....Of students....., Total.....

No. of Payments made in cash.....; in notes.....; in acceptances.....; Total.....

No. of Payments rec'd in cash.....; in notes.....; in acceptances.....; Total.....

No. of Sales made: To T. & T. Co.....; to students.....; Total No....., \$.....

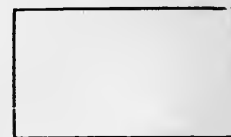
No. of Entries made..... Average per hour..... Time on trial balance.....hours.

NOTES			CASH		
<i>Bills Receivable</i> , Ledger Balance.....	.....	.....	Ledger Balance.....	.....	.....
Total uncollected in bill book.....	.....	.....	In bank, Stb. No.____, .....	.....	.....
Total value of notes in the safe.....	.....	.....	In safe, Currency.....	.....	.....
<i>Bills Payable</i> , Ledger Balance.....	.....	.....	In safe, Checks, .....	.....	.....
Total unpaid in bill book.....	.....	.....	Total Cash on hand.....	.....	.....

MERCHANDISE	Department A Goods	Department E Goods	TEACHER'S MARKING			
Cost of Mdse. bought.....	.....	.....	Accuracy.....	3	.....	.....
Present inventory.....	.....	.....	Neatness.....	2	.....	.....
Cost of goods sold.....	.....	.....	Orderliness.....	2	.....	.....
Sales of merchandise.....	.....	.....	Records.....	2	.....	.....
Gain, red ink; Loss, black....	.....	.....	Progress.....	1	.....	.....
Errors: Our fvr. red; cont. black	.....	.....	Average.....	.....	.....	.....

Respectfully submitted,

TEACHER'S



STAMP

.....191....

1. This is on the basis of a supposed profit of 33½%, and is a matter that each school may regulate for itself.

## SETTLEMENT OF THE ESTATES OF BANKRUPTS OR DECEASED<sup>1</sup> PERSONS.

183. Following, as closely as schoolroom limitations will permit, the law of the State in which the school is located, the teacher may, upon application of creditors, appoint a student to act as trustee or administrator to settle the estate of students who have become insolvent in their school business or who have dropped out of school entirely. In the first case, appointments should be made and the settlement conducted under the bankruptcy laws of the United States or the State in which the school is located, while in the case of the students who have dropped out of school without settling their accounts, it will be proper to act under the laws governing the administration of the estate of deceased<sup>1</sup> persons, for they have dropped out of existence as far as the schoolroom is concerned and have left assets in the shape of cash, merchandise, notes and accounts which should be turned into money for the settlement of their debts and the balance paid to the College Investment Company, to whom they are indebted for their original investment and which may be considered as the heir or heirs. The manager of the College Investment Company, if he has the time, or any student far enough along in his course to do original work, may be appointed as trustee or administrator. The student so appointed can conduct the business in connection with his own set of books very simply, but at the same time in a way to obtain therefrom a very valuable practice. If sufficient occasions offer in the schoolroom, each student should in turn be appointed to adjust the estate of some insolvent or "deceased" person.

1. A student being duly appointed as administrator or trustee, the teacher should assist him in obtaining possession of all resources of the decedent or bankrupt student. A list of these should be easily obtained from the latter's last balance sheet on file at the teacher's desk, and should be verified by the trustee or administrator, who will be furnished by the teacher with authority to secure the said decedent's or bankrupt's bank account, and to collect all outstanding notes and accounts, and will be put in possession of all merchandise or other property. The administrator or trustee should then give what the teacher in charge decides to be legal<sup>2</sup> notice to all creditors to present their claims for settlement within . . . . . days, and as soon as the limit for the presentation of claims has expired, he should make out a complete balance sheet showing the condition of the said decedent's or bankrupt's estate and what balance, if any, will be left for the College Investment Company when the debts of said estate are paid, together with the cost of settlement (the student conducting the settlement may be allowed to take 10% of the net value of the estate as his fee); or if the estate be insolvent, showing what per cent. it will pay on the dollar to all creditors, not counting the College Investment Company, which must in that case be considered to have lost its investment. As soon as this balance sheet is approved by the teacher, the administrator or trustee will proceed to take possession of the decedent's or bankrupt's cash, to turn his property into cash and to collect his outstanding notes and accounts, making for all cash received in this collection the same entry, namely, Cash to . . . . . Estate, the blank being filled by the decedent or bankrupt student's name, and the entry followed by an explanation describing the nature of the assets collected. Checking the assets on the balance sheet approved by the teacher will be a sufficient additional record of the collection made.<sup>3</sup>

1. "Deceased." In the schoolroom this term will be understood to apply to any student who has dropped out of school without settling his accounts, the financial condition in which his creditors will be left being the same.

2. Some liberty in the shortening of the time required by law is permissible and proper in the schoolroom and each school may best rule on this point for itself. Consult your teacher.

3. More elaborate bookkeeping might be made out of this practice by taking all the assets of the estate onto the books of the administrator or trustee, and in collecting, opening an account with Insolvency, but the plan outlined is simpler and includes all the essentials necessary to a correct settlement and accounting.

2. As soon as the assets of the estate are collected in cash (notes not matured may be discounted at the bank), the trustee or administrator will proceed to pay each creditor the amount of his claim, if the estate be solvent, or the per cent. payable on his claim if the estate be insolvent, and to make entry for each of these payments, crediting Cash and charging ..... Estate, explaining such entry by a memorandum of the liability settled and checking the liability on the balance sheet approved by the teacher.

3. When all liabilities are settled, the trustee or administrator may draw a check in favor of himself or make an entry crediting Commissions in his own books and charging ..... Estate for the per cent. allowed him in this settlement. Then if the estate be solvent, he will draw a final check for the balance of the ..... Estate account in favor of the College Investment Company, charging it to the estate the same as other entries and submitting to the teacher as evidence of the completion of his work a copy of the ..... Estate account as it appears on his books with the approved balance sheet on which all items, both collected and paid, have been checked.

# INDEX

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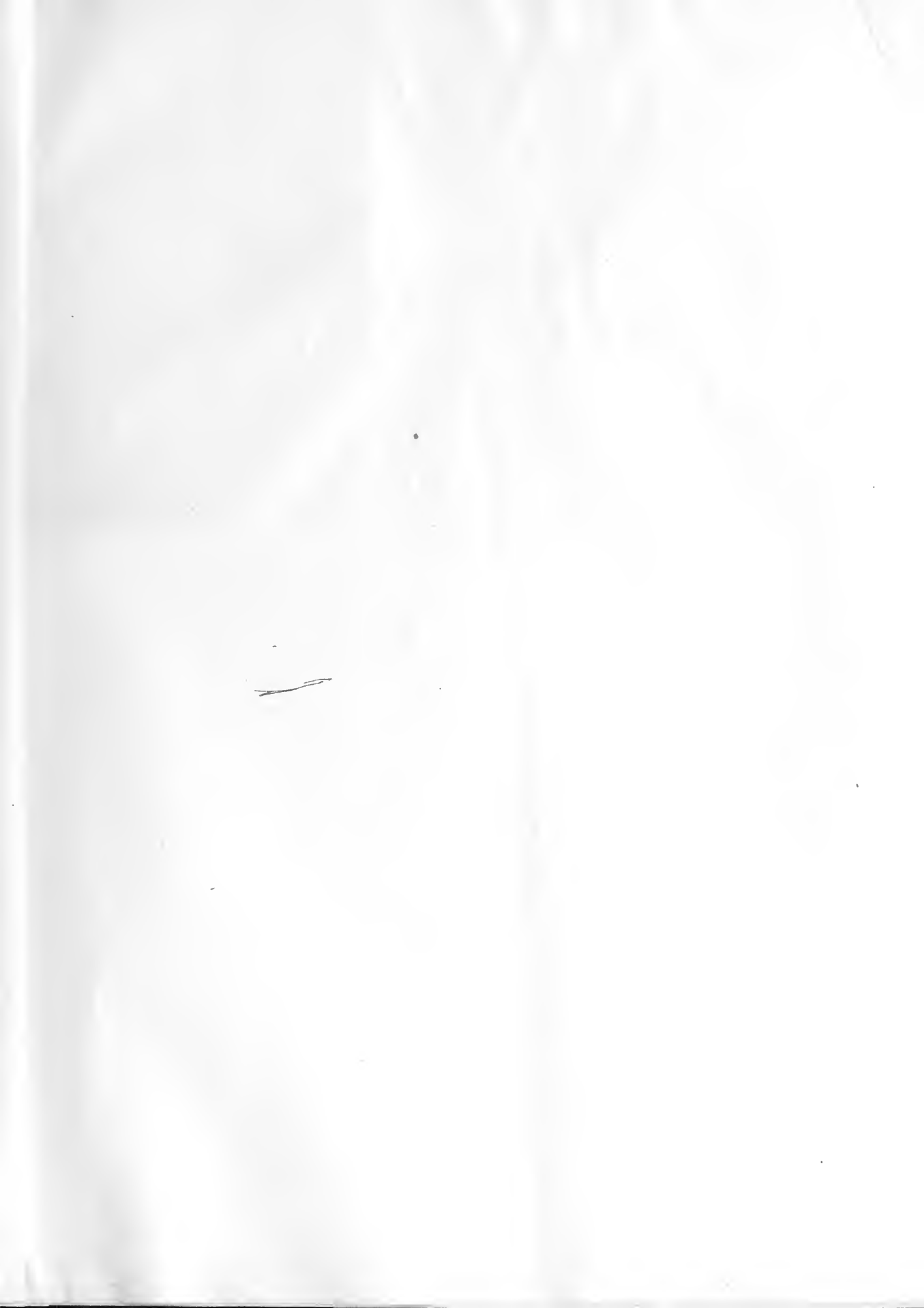
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ON THE LAST DATE .  
BELOW

OF 25 CENTS

RE TO RETURN  
THE PENALTY  
THE FOURTH  
NTH DAY

f. unla tel.  
nso un

YE 02759

HF5635

.C2

255946

Campbell

